

**Part 2A of Form ADV: *Firm Brochure***

**BFT Financial Group, LLC**

2312 School Lane  
Bedford, Texas 76021

Telephone: 817-354-1090  
Email: [operations@bftfg.com](mailto:operations@bftfg.com)  
Web Address: [www.bftfinancial.com](http://www.bftfinancial.com)

March 2, 2020

This brochure provides information about the qualifications and business practices of BFT Financial Group, LLC. If you have any questions about the contents of this brochure, please contact us at 817-354-1090 or [operations@bftfg.com](mailto:operations@bftfg.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.

Additional information about BFT Financial Group, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 109121.

## **Item 2      Material Changes**

### **Material Changes:**

Since our last annual amendment to this brochure dated March 2019, there have been the following material changes:

- As of August 2019, the firm is now directly owned by The Capital Company Group Limited.
- Sammy D. Tally is no longer a managing member of BFT Financial Group, LLC.
- Medina Investments is no longer an independent office of BFT Financial Group, LLC.
- We have amended Item 5 to better disclose our fees and billing schedule.

We will continue to ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31, so you will receive the summary of material changes, if any, no later than April 30 each year. At that time, we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

## 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 .....	12
Item 6	Performance-Based Fees and Side-By-Side Management .....	16
Item 7	Types of Clients.....	16
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss.....	17
Item 9	Disciplinary Information .....	21
Item 10	Other Financial Industry Activities and Affiliations .....	21
Item 11	Code of Ethics, Participation or Interest in Client Transactions and.....	23
	Personal Trading.....	23
Item 12	Brokerage Practices .....	25
Item 13	Review of Accounts .....	29
Item 14	Client Referrals and Other Compensation .....	30
Item 15	Custody .....	31
Item 16	Investment Discretion .....	31
Item 17	Voting Client Securities.....	32
Item 18	Financial Information.....	32

## **Item 4      Advisory Business**

BFT Financial Group, LLC is a SEC-registered investment adviser with its principal place of business located in Texas. BFT Financial Group, LLC began conducting business in 1995.

- Listed below is the firm's principal: Mr. Stephen D. Tally, Chief Compliance Officer

As of August 2019, the firm is now directly owned by The Capital Company Group Limited. The individuals who run the firm have not changed.

BFT Financial Group, LLC offers the following advisory services to our clients:

BFT Financial Group is made up of multiple independent offices providing advisory services under different local business names. These local offices include Corporate Pensions Company, KMR Financial Group, and Rockwall Wealth Management. In addition, we have an office located in Hong Kong, China. During the course of the relationship with BFT Financial Group our clients may also see these other business names on correspondence, performance reports and/or account statements received from their account custodians.

### **INDIVIDUAL PORTFOLIO MANAGEMENT**

BFT Financial offers asset management services, which involves BFT Financial providing you with continuous and ongoing supervision over your accounts. BFT Financial offers both traditional asset management services and a wrap fee program. For information about our wrap fee program, please refer to our ADV Part 2A Appendix. BFT Financial provides asset management of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on the client's particular circumstances are established, we develop the client's personal investment policy. We create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary or non-discretionary basis. You will authorize discretionary management in your agreement for our Asset Management Services. If you have authorized us to provide asset management services on a discretionary basis, we will make all decisions to buy, sell or hold securities, cash or other investments in your managed account in our sole discretion without consulting with you before making any transactions. You must provide us with written authorization to exercise this discretionary authority, and you can place reasonable restrictions and limitations on our discretionary authority.

BFT Financial will continuously monitor your account and make trades in your accounts when necessary. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. BFT Financial will monitor your account and will make management recommendations and decisions regarding buying, selling, reinvesting or holding securities, cash or other investments.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Once the client's portfolio has been established, we review the portfolio if needed, and if necessary, rebalance the portfolio as needed, based on the client's individual needs.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate

Because some types of investments involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

We recommend that your assets be maintained in a brokerage account with Schwab, a FINRA registered broker/dealer and member SIPC. However, clients may select any broker-dealer of their choosing. You will appoint BFT Financial as your investment adviser of record on specified accounts. Your account will consist only of separate account(s) held by the qualified custodian under your name. BFT Financial does not act as custodian and does not have direct access to your funds and securities except to have advisory fees deducted from your account with your prior written authorization. The qualified custodian will maintain physical custody of all funds and securities of your Account, and you will retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) for your account.

### **Participation in Wrap Fee Programs**

BFT Financial no longer offers wrap-fee programs to new or existing clients who are not

already a part of the existing wrap fee program. For information about our wrap fee program, please refer to our ADV Part 2A Appendix.

## **US MODEL PORTFOLIO MANAGEMENT**

Our firm provides non-continuous portfolio management services to clients using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal. The following is a list of the model portfolios that are available to US-based clients. Please note that other model portfolios are available to our clients located in Hong Kong, China. The portfolios provided in our Hong Kong office are specific to that location and are not offered to US-based clients. The following is a list of models used in our US-based offices. Client's doing business with our Rockwall, Texas office are offered a different set of models as described below under Rockwall section.

**Conservative:** A risk-averse investment strategy with an emphasis placed on the preservation of capital. It will likely involve a high percentage of fixed income investments and cash-like investments in comparison to equities. The strategy is based on an investment time horizon of at least five (5) years and does not attempt to consider active management of short-term fluctuations.

**Moderate Growth and Income:** A moderately risk-averse investment strategy with an emphasis placed on the preservation of capital and a secondary goal of long-term capital appreciation. It will likely involve a moderately high percentage of fixed income investments and cash-like investments in comparison to equities. The strategy is based on an investment time horizon of at least five (5) years and does not attempt to consider active management of short-term fluctuations.

**Growth and Income:** A balanced investment strategy with an emphasis on current income and capital appreciation. It will likely involve an equal percentage of fixed income investments and cash-like investments in comparison to equities. The strategy is based on an investment time horizon of at least five (5) years and does not attempt to consider active management of short-term fluctuations.

**Capital Growth:** An investment strategy with an emphasis placed on maximizing capital appreciation or increasing the value of the portfolio over a long-term period. It will likely involve a high percentage of equity investments in comparison to fixed income investments and cash-like investments. The strategy is based on an investment time horizon of at least five (5) years and does not attempt to consider active management of short-term fluctuations.

**Aggressive Growth:** An investment strategy with an emphasis placed on maximizing growth. It is characterized by a willingness to accept above-average risk in pursuit of above-average returns. It will likely favor equity investments over fixed income investments (often excluding fixed income), especially stocks of rapidly growing companies. The strategy is based on an investment time horizon of at least five (5) years but may, on occasion, consider opportunities presented by market cycle or fluctuations.

Through personal discussions with the client in which the client's goals and objectives are

established, we initially determine whether the model portfolio is suitable to the client's circumstances. Once we confirm suitability, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs. Clients, nevertheless, have the opportunity to place reasonable restrictions on the types of investments to be held in their account.

Clients retain individual ownership of all securities.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

1. send annual written reminders to each Model Portfolio Management Services client requesting any updated information regarding changes in the client's financial situation and investment objectives;
2. at least annually, contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
3. be reasonably available to consult with the client; and
4. maintain client suitability information in each client's file.

### **ROCKWALL MODEL PORTFOLIO MANAGEMENT**

The following is a list of the model portfolios that are available to clients of our Rockwall, Texas office only. Please note that these portfolios provided in our Rockwall office are not offered to other clients.

**RWM Conservative:** Our lowest risk portfolio for clients who are willing to risk up to 5 – 10% of their portfolio in exchange for slow, incremental potential growth.

Clients in this category may also need extra cash held in their account for recurring distributions. The objective of the Conservative portfolio is to provide capital preservation with limited growth. It is designed for clients with a lower risk tolerance and whose time horizon is immediate need to five years.

**RWM Growth and Income:** Our moderate risk portfolio - for clients who are willing to risk up to 10 - 15% of their portfolio in exchange for potential growth.

This model seeks to provide capital growth through a variety of ETF's and mutual funds, some of which pay dividend income (clients may opt to reinvest dividends). It is designed for clients with a moderate risk tolerance and whose time horizon is more than 5 years.

**RWM Capital:** Our highest risk portfolio - for clients who are willing to risk up to 15% of their portfolio in exchange for potential growth.

The model seeks to provide long-term capital appreciation utilizing a combination of ETF's, mutual funds and possibly individual stocks. It is designed for clients with a higher risk tolerance who have a longer time horizon than 5 years.

**RWM Jr. Conservative:** For account balances under \$30,000. Our lowest risk junior portfolio for clients who are willing to risk up to 5% of their portfolio in exchange for slow, incremental potential growth.

Clients in this category may also need extra cash held in their account for recurring distributions. The objective of the Conservative portfolio is to provide capital preservation with limited growth. It is designed for clients with a lower risk tolerance and whose time horizon is immediate need to 5 years.

**RWM Jr. Growth and Income:** For account balances under \$30,000. Our moderate risk portfolio - for clients who are willing to risk up to 10% of their portfolio in exchange for potential growth.

This model seeks to provide capital growth through a variety of mutual funds and ETF's, some of which pay dividend income (clients may opt to reinvest dividends). It is designed for clients with a moderate risk tolerance and whose time horizon is more than 5 years to distribution.

**RWM Jr. Capital:** For account balances under \$30,000. Our highest risk portfolio, for clients who are willing to risk up to 15% of their portfolio in exchange for potential growth.

The model seeks to provide long-term capital appreciation utilizing a combination of ETF's, mutual funds and possibly stocks. It is designed for clients with a high-risk tolerance who have a longer time horizon than 5 years.

## **HONG KONG MODEL PORTFOLIO MANAGEMENT**

The following is a list of the model portfolios that are available to clients based in Hong Kong, China. Please note that portfolios provided in our Hong Kong office are specific to that location and are not offered to US-based clients.

**Global Value:** We use a bottom-up stock picking approach to create a concentrated portfolio of securities from developed and emerging markets around the world. We invest in dynamic businesses that have the potential for higher investment returns, all the time keeping in mind that the price paid for the investment determines those returns.

**Asian Opportunities:** We use a bottom-up stock picking approach to invest in select businesses that have hallmarks of outperformance or the potential to acquire these characteristics. The strategy invests in a concentrated portfolio of securities from developed and emerging markets in the Asia Pacific region.

**Sustainable Aggressive:** We incorporate the principles of Environmental, Social, and Governance issues (ESG) as well as impact investing into our investment process. Then we add an overlay of our core investment philosophy of Evidence Based Investing, which we believe generates better long-term returns. The end result is a dynamic portfolio that achieves an optimum balance between social impact and investment outcomes.

**Domestic USD Models:** These portfolios are comprised of ETFs which we use as the building blocks of the portfolio to ensure widespread diversification in a low-cost capacity. We focus on finding the most tax efficient, highly liquid ETFs with the lowest expense ratio. Our objective



is to create global capital market exposure along the dimensions of return that will deliver a better risk-adjusted performance in the long-term for our investors. We aim to take a systemic approach to investing which we implement consistently across all the portfolios. We implement the following variations of this portfolio:

- **Domestic USD Aggressive Model** will typically invest at least 80% in Equity ETFs.
- **Domestic USD Balanced Model** will typically invest at least 50%-80% in Equity ETFs and up to 50% in Fixed Income ETFs.
- **Domestic USD Moderate Model** will typically invest between 30%-70% in Equity ETFs and between 30%-70% in Fixed Income ETFs.
- **Domestic USD Conservative Model** will typically invest at least 50% in Fixed Income ETFs and up to 50% in Equity ETFs.

For all models, the aim is to keep cash at 1% of the total portfolio value.

**DFA& ETF Models:** These portfolios are comprised of both ETFs and mutual funds which we use as the building blocks of the portfolio to ensure widespread diversification in a low-cost capacity. These portfolios incorporate Dimensional funds as equivalents for some of the ETFs used in the Domestic portfolios, but otherwise follows the same methodology as the Domestic portfolios. However, the higher expense ratios associated with these funds denote that the portfolios are not appropriate for every investor. We implement the following variations of this portfolio:

- **DFA& ETF Aggressive Model:** will typically invest at least 80% in Equity ETFs or Dimensional funds.
- **DFA& ETF Balanced Model:** will typically invest at least 50%-80% in Equity ETFs or Dimensional funds and up to 50% in Fixed Income ETFs.

For all models, the aim is to keep cash at 1% of the total portfolio value.

**Domestic Aggressive Vanguard:** The model is comprised of Vanguard mutual funds which we use as the building blocks of the portfolio to ensure widespread diversification in a low-cost capacity. This portfolio is specifically appropriate for UK residents who need to utilize funds that report to both the UK and US. We use Vanguard funds to replicate our Domestic portfolio's exposure. Our objective is to create global capital market exposure along the dimensions of return that will deliver risk-adjusted performance in the long-term for our investors. We aim to take a systemic approach to investing which we implement consistently across all the portfolios.

**Strategic Income:** The model is comprised of ETFs which we use as the building blocks of the portfolio to ensure widespread diversification in a low-cost capacity. We focus on finding the most tax efficient, highly liquid ETFs with the lowest expense ratio. Higher income in a model can be more appropriate for investors that plan to draw income from their investment portfolios.

**Schwab Model Portfolios:** These portfolios are comprised of ETFs which we use as the building blocks of the portfolio to ensure widespread diversification in a low-cost capacity. However, more specifically when choosing the ETFs to incorporate into these portfolios we have chosen to utilize the ETFs provided by Schwab as they trade commission free on the platform. Our objective is to create global capital market exposure along the dimensions of return that will deliver risk-adjusted performance in the long-term for our investors. We implement the following variations of this portfolio:

- **Schwab Aggressive Model:** will typically invest at least 80% in Equity ETFs or Dimensional funds.
- **Schwab Balanced Model:** will typically invest at least 50%-80% in Equity ETFs or Dimensional funds and up to 50% in Fixed Income ETFs.

For all models, the aim is to keep cash at 1% of the total portfolio value.

**Jefferson Model Portfolios:** The model is comprised of mutual funds which we use as the building blocks of the portfolio to help ensure widespread diversification in a low-cost capacity. Each fund that we choose has a widespread exposure which helps us to achieve diversification in the model with a small number of holdings. We implement the following variations of this portfolio:

- **Jefferson Aggressive Model:** will typically invest at least 80% in Equity ETFs or Dimensional funds.
- **Jefferson Balanced Model:** will typically invest at least 50%-80% in Equity ETFs or Dimensional funds and up to 50% in Fixed Income ETFs.

For all models, the aim is to keep cash at 1% of the total portfolio value.

### **SELECTION AND MONITORING OF THIRD-PARTY MONEY MANAGERS**

We also offer advisory management services to our clients through our Selection and Monitoring of Third-Party Money Manager programs (hereinafter, "Programs").

Our firm provides the client with an asset allocation strategy developed through personal discussions in which goals and objectives based on the client's particular circumstances are established.

Based on the client's individual circumstances and needs we will then perform management searches of various unaffiliated registered investment advisers to identify which registered investment adviser's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, the opinion of each client and the investment philosophy of the selected registered investment adviser.

Clients should refer to the selected registered investment adviser's Firm Brochure or other disclosure document for a full description of the services offered. We are available to meet with clients on a regular basis, or as determined by the client, to review the account.

We monitor the performance of the selected registered investment adviser(s). If we determine

that a particular selected registered investment adviser(s) is not providing sufficient management services to the client or is not managing the client's portfolio in a manner consistent with the client's objectives, we may suggest that the client contract with a different registered investment adviser and/or program sponsor. Under this scenario, our firm assists the client in selecting a new registered investment adviser and/or program. However, any move to a new registered investment adviser and/or program is solely at the discretion of the client.

## **FINANCIAL PLANNING**

We provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to help predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of

financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Typically, the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

### **CONSULTING SERVICES**

Clients can also receive investment advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client.

Consulting recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

### **AMOUNT OF MANAGED ASSETS**

As of 12/31/2019, we were actively managing \$561,880,750 of clients' assets, all of which is managed on a discretionary basis.

## **Item 5 Fees and Compensation**

### **PORTFOLIO MANAGEMENT SERVICES FEES**

Currently, our annual fees for all Portfolio Management Services are based upon a percentage of assets under management and generally range from 0.25% to 3.0%. Older client accounts are billed on a tiered fee schedule that is no longer offered. The annualized fee for Portfolio Management Services for these older accounts only is charged as a percentage of assets under management, according to the following schedule:

### **TRADITIONAL ASSETS UNDER MANAGEMENT FEES**

<u>Assets Under Management</u>	<u>Annual Fees</u>
\$0 – \$499,999	1.500%
\$500,000 – \$999,999	1.250%
\$1,000,000 and above	1.00%

Fees charged for our asset management services may be billed in advance (at the beginning of the billing period) or in arrears. If billed in arrears, the fee is calculated based on the fair market value of your account as of the last business day of the billing period. If billed in advance, the fee is calculated based on the fair market value of your account as of the last business day of the previous billing period. The billing frequency may be monthly or quarterly. Fees are prorated (based on the number of days service is provided during the initial billing

period) for your account opened at any time other than the beginning of the billing period. If asset management services are commenced in the middle of the billing period, then the prorated fee for that billing period will be billed based on balance in the account at that time.

Accounts which involve the management of annuities are billed quarterly in arrears. The details of a particular client's fee schedule shall be specified in their advisory agreement.

***Limited Negotiability of Advisory Fees.*** Although BFT Financial Group, LLC has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

BFT Financial believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisers offering similar services/programs.

However, our annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs.

***Payment of Fees:*** The investment advisory fees may be deducted from your account and paid directly to our firm by the qualified custodian(s) of your account. You will authorize the qualified custodian(s) of your account to deduct fees from your account and pay such fees directly to our firm.

If requested, fees may also be invoiced to the client or charged manually to a specific account. Any invoices issued are due upon receipt.

You should review your account statements received from the qualified custodian(s) and verify that appropriate investment advisory fees are being deducted. The qualified custodian(s) will not verify the accuracy of the investment advisory fees deducted.

## **WRAP ACCOUNT PROGRAM ANNUAL FEES**

For our Wrap Account asset management services fees, please see our wrap fee brochure. The only compensation received by BFT Financial for asset management services is the annual fee as specified in the client's advisory services agreement. BFT Financial receives no other forms of compensation in connection with providing asset management services.

## **SELECTION and MONITORING of THIRD-PARTY MONEY MANAGERS FEES**

We are paid by the independent adviser selected by the client for portfolio management services. Our fee is based on a percentage of the client's managed assets (typically ranging up to 0.50% of the fee charged by the independent investment adviser, depending on the size

of the account), which is included in the independent investment adviser's annual management fee. The portion of the advisory fee paid to us does not increase the client's ultimate advisory fee paid to the selected independent investment adviser.

Clients are provided with a separate disclosure document describing the fee paid to us by such independent registered investment advisers. The total asset management fee, including the referral fee paid to our firm, is disclosed in the independent investment adviser's disclosure document.

## **FINANCIAL PLANNING FEES**

BFT Financial Group, LLC's Financial Planning fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our Financial Planning fees are calculated and charged on an hourly basis, ranging from \$100 to \$350 per hour. Although the length of time it will take to provide a Financial Plan will depend on each client's personal situation, we will provide an estimate for the total hours at the start of the advisory relationship.

Our Financial Planning fees are calculated and charged on a fixed fee basis, typically ranging from \$350 to \$15,000, depending on the specific arrangement reached with the client.

We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$500 for work that will not be completed within six months. The balance is due upon completion of the plan.

***Fees Offset By Commissions:*** If a Financial Planning client executes recommended securities transactions through associated persons of our firm in their separate capacities as registered representatives of a broker dealer, these individuals will earn commissions which are separate and distinct from fees charged for advisory services. In some instances, depending on the size of the transaction, advisory fees will be discounted, at our discretion, for commissions earned. Commissions will not be credited towards future advisory fees.

***Financial Planning Fee Offset:*** BFT Financial Group, LLC reserves the discretion to reduce or waive the hourly fee and/or the minimum fixed fee if a financial planning client chooses to engage us for our Portfolio Management Services.

***Financial Planning Fee Refund:*** A full refund of the plan fee will be returned to the client if requested in writing within 30 days of the plan delivery. Refund requests received after the 30-day period will be considered on an individual basis depending on the situation and time frame since the plan delivery. Fees.

## **CONSULTING SERVICES FEES**

BFT Financial Group, LLC's Consulting Services fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our Consulting Services fees may be calculated and charged on an hourly basis, ranging from

\$100 to \$350 per hour. An estimate for the total hours is determined at the start of the advisory relationship.

Our Consulting Services fees may also be calculated and charged on a fixed fee basis, typically ranging from \$350 to \$15,000, subject to the specific arrangement reached with the client.

Our Consulting Services fees may also be charged as a percentage of assets under advisement by our firm, typically ranging from 0.25% to 3.0% of assets under review, depending on the nature and complexity of each client's circumstances, and upon mutual agreement with the client.

The client is billed monthly in advance based on our estimated Consulting Services fees. Management personnel and other related persons of our firm are licensed as registered representatives of a broker-dealer and/or licensed as insurance agents or brokers. In their separate capacity(ies), these individuals are able to implement investment recommendations for advisory clients for separate and typical compensation (i.e., commissions, 12b-1 fees or other sales-related forms of compensation). This presents a conflict of interest to the extent that these individuals recommend that a client invest in a security which results in a commission being paid to the individuals. Clients are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

## GENERAL INFORMATION

***Exclusions:*** ***As part of the limited negotiability of our advisory fees, some client's positions may be excluded from their total billable balances.*** For example, this may include, but is not limited to, stock from employers or positions the client does not want to be sold.

***Termination of the Advisory Relationship.*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded upon request. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

***Mutual Fund Fees.*** All fees paid to BFT Financial Group, LLC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount

of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Wrap Fee Programs and Separately Managed Account Fees.*** Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

***Additional Fees and Expenses.*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s).

Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***ERISA Accounts.*** BFT Financial Group, LLC is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, BFT Financial Group, LLC may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset BFT Financial Group, LLC's advisory fees.

***Limited Prepayment of Fees.*** Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

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

BFT Financial Group, LLC does not charge performance-based fees.

## **Item 7 Types of Clients**

BFT Financial Group, LLC provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals



- Pension and profit sharing plans (other than plan participants)
- Other pooled investment vehicles (e.g., hedge funds)
- Charitable organizations
- Corporations or other businesses not listed above

## **Minimum Account Size**

There are no minimum investment amounts or conditions required for establishing an account managed by BFT Financial. However, all clients are required to execute an agreement for services in order to establish a client arrangement with BFT Financial and/or the third-party money manager or the sponsor of third-party money manager platforms.

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

### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

***Asset Allocation.*** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

***Mutual Fund and/or ETF Analysis.*** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

***Third-Party Money Manager Analysis.*** We examine the experience, expertise, investment

philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

***Risks for all forms of analysis.*** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

### ***INVESTMENT STRATEGIES***

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

***Long-term purchases.*** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically, we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

***Margin transactions.*** We may purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash and allows us to purchase stock without selling other holdings.

***Option writing.*** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is

a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We may buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We may buy a put if we have determined that the price of the stock will fall before the option expires.

We may use options to speculate on the possibility of a sharp price swing. We may also use options to "hedge" a purchase of the underlying security; in other words, we may use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We may use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We may use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market

confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

- **Company Risk.** When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. 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. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- **Fixed Income Risk.** When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- **Options Risk.** Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put, and call options are highly specialized activities and entail greater than ordinary investment risks.
- **ETF and Mutual Fund Risk –** When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- **Management Risk –** Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- **Margin Risk -** When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you intended to borrow funds in connection with your Account, you will be required to open a margin account, which will be carried by the clearing firm. The securities purchased in such an account are the clearing firm's collateral for its loan to you.

If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and as a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account.

It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any margin account that may be established as part of the Asset Management Agreement established between you and BFT Financial and held by the account custodian or clearing firm.

These risks include the following:

- You can lose more funds than you deposit in your margin account.
- The account custodian or clearing firm can force the sale of securities or other assets in your account.
- The account custodian or clearing firm can sell your securities or other assets without contacting you.
- You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call.
- The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities.
- The account custodian or clearing firm can increase its "house" maintenance margin requirements at any time and they are not required to provide you advance written notice.
- You are not entitled to an extension of time on a margin call.

## **Item 9 Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

There are no disciplinary events relating to our firm and/or our management personnel to report at this time.

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

### ***FIRM Registrations:***

BFT Financial is not and does not have a related person that is an 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), another investment adviser or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, a lawyer or law firm, an insurance company or agency, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

In addition to BFT Financial Group, LLC being a registered investment adviser, our firm is registered as a FINRA member broker-dealer. A list of affiliated broker-dealers is specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1, which can be accessed by

following the directions provided on the Cover Page of this Firm Brochure.

***MANAGEMENT PERSONNEL Registrations:***

Management personnel of our firm are separately licensed as registered representatives of BFT Financial Group, LLC, an affiliated FINRA member broker-dealer.

You may work with your investment adviser representative in his or her separate capacity as a registered representative of BFT Financial Group. When acting in his or her separate capacity as a registered representative, your investment adviser representative may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to you. As such, your investment adviser representative may suggest that you implement investment advice by purchasing securities products through a commission-based brokerage account in addition to or in lieu of a fee-based investment-advisory account. This receipt of commissions creates an incentive to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as a registered representative of a securities broker-dealer. Consequently, the objectivity of the advice rendered to you could be biased.

You are under no obligation to use the services of our representatives in this separate capacity or to use BFT Financial Group and can select any broker/dealer you wish to implement securities transactions. If you select our representatives to implement securities transactions in their separate capacity as registered representatives, they must use BFT Financial Group. Prior to effecting any such transactions, you are required to enter into a new account agreement with BFT Financial Group. The commissions charged by BFT Financial Group may be higher or lower than those charged by other broker/dealers. In addition, the registered representatives may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment.

Some registered representatives of the firm also maintain accounting firms where they are individually licensed and practicing Certified Public Accountants providing accounting services for separate and typical compensation.

Accounting services provided by a registered representative are separate and distinct from our advisory services and are provided for separate and typical compensation. There are no referral fee arrangements between BFT Financial Group, LLC and our registered representatives for these recommendations. No BFT Financial Group, LLC client is obligated to use a registered representative for any accounting services and conversely, no accounting client is obligated to use the advisory services provided by us. The registered representative accounting services do not include the authority to sign checks or otherwise disburse funds on any of our advisory client's behalf. BFT Financial Group, LLC does not receive any compensation from the registered representative for any accounting services.

## **Insurance Agent**

You may work with your investment adviser representative in his or her separate capacity as an insurance agent. When acting in his or her separate capacity as an insurance agent, the investment adviser representative may sell, for commissions, general disability insurance, life insurance, annuities, and other insurance products to you. As such, your investment adviser representative in his or her separate capacity as an insurance agent, may suggest that you implement recommendations of BFT Financial by purchasing disability insurance, life insurance, annuities, or other insurance products. This receipt of commissions creates an incentive for the representative to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as an insurance agent. Consequently, the advice rendered to you could be biased. You are under no obligation to implement any insurance or annuity transaction through your investment adviser representative.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

BFT Financial Group, LLC and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

BFT Financial Group, LLC's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [operations@bftfg.com](mailto:operations@bftfg.com), or by calling us at 817-354-1090.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts

securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
6. We have established procedures for the maintenance of all required books and records.
7. All clients are fully informed that related persons may receive separate commission compensation when effecting transactions during the implementation process.
8. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
9. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
10. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
11. Any individual who violates any of the above restrictions may be subject to termination.



## Item 12 Brokerage Practices

BFT Financial Group, LLC will endeavor to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's stability, reputation, ability to provide professional services, competitive commission rates and prices, research, trading platform, and other services which will help BFT Financial Group, LLC in providing investment management services to clients. BFT Financial Group, LLC may, therefore recommend (or use) the use of a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful in servicing all our clients, and not all of such research may be useful for the account for which the particular transaction was affected.

Consistent with obtaining best execution for clients, BFT Financial Group, LLC may direct brokerage transactions for clients' portfolios to brokers who provide research and execution services to BFT Financial Group, LLC and, indirectly, to BFT Financial Group, LLC's clients. These services are of the type described in Section 28(e) of the Securities Exchange Act of 1934 and are designed to augment our own internal research and investment strategy capabilities. This may be done without prior agreement or understanding by the client (and done at our discretion). Research services obtained through the use of soft dollars may be developed by brokers to whom brokerage is directed or by third-parties which are compensated by the broker. BFT Financial Group, LLC does not attempt to put a specific dollar value on the services rendered or to allocate the relative costs or benefits of those services among clients, believing that the research we receive will help us to fulfill our overall duty to our clients. BFT Financial Group, LLC may not use each particular research service, however, to service each client. As a result, a client may pay brokerage commissions that are used, in part, to purchase research services that are not used to benefit that specific client. Broker-dealers we select may be paid commissions for effecting transactions for our clients that exceed the amounts other broker-dealers would have charged for effecting these transactions if BFT Financial Group, LLC determines in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or our overall duty to its ('brokerage') discretionary client accounts.

Certain items obtainable with soft dollars may not be used exclusively for either execution or research services. The cost of such "mixed-use" products or services will be fairly allocated and BFT Financial Group, LLC makes a good faith effort to determine the percentage of such products or services which may be considered as investment research. The portions of the costs attributable to non-research usage of such products or services are paid by our firm to the broker-dealer in accordance with the provisions of Section 28(e) of the Securities Exchange Act of 1934.

When BFT Financial Group, LLC uses client brokerage commissions to obtain research or brokerage services, we receive a benefit to the extent that BFT Financial Group, LLC does not

have to produce such products internally or compensate third-parties with our own money for the delivery of such services. Therefore, such use of client brokerage commissions results in a conflict of interest, because we have an incentive to direct client brokerage to those brokers who provide research and services we utilize, even if these brokers do not offer the best price or commission rates for our clients.

As a matter of policy and practice, BFT Financial Group, LLC does not generally block client trades and, therefore, we implement client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers who block client trades. However, BFT Financial may block trade when they deem it appropriate, at their sole discretion. It should be noted that implementing trades on a block or aggregate basis may be less expensive for client accounts.

BFT Financial Group, LLC may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. BFT Financial Group, LLC is independently owned and operated and not affiliated with Schwab.

Schwab provides BFT Financial Group, LLC with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab'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.

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

Schwab Institutional also makes available to our firm other products and services that benefit BFT Financial Group, LLC but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that:

- i. provide access to client account data (such as trade confirmations and account statements);

- ii. facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- iii. provide research, pricing and other market data;
- iv. facilitate payment of our fees from clients' accounts; and
- v. assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include:

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

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to BFT Financial Group, LLC. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we 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 we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

BFT Financial Group, LLC has an arrangement with National Financial Services LLC, and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides our firm with their "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like BFT Financial Group, LLC in conducting business and in serving the best interests of our clients but that may also benefit us.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables BFT Financial Group, LLC to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers. As part of the arrangement, Fidelity also makes available to our firm, at no additional charge to us, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by BFT Financial Group, LLC (within specified parameters).

As a result of receiving such services for no additional cost, we may have an incentive to

continue to use or expand the use of Fidelity's services. We examined this potential conflict of interest when we chose to enter into the relationship with Fidelity and have determined that the relationship is in the best interests of BFT Financial Group, LLC's clients and satisfies our client obligations, including our duty to seek best execution. A client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, while BFT Financial Group, LLC will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions. Although the investment research products and services that may be obtained by us will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. BFT Financial Group, LLC and Fidelity are not affiliated.

Interactive Brokers may also provide us with certain brokerage and research products and services that qualify as "brokerage or research services" under the rules. These research products and/or services will assist the IAR in its investment decision making process. Such research generally will be used to service all of the IAR's clients, but brokerage commissions paid by the client may be used to pay for research that is not used in managing the client's account. The account may pay to a broker-dealer a commission greater than another qualified broker-dealer might charge to affect the same transaction where the IAR determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received.

Because soft dollar benefits could be considered to provide a benefit to the adviser that might cause the client to pay more than the lowest available commission without receiving the most benefit, they are considered a conflict of interest in recommending or directing custodial and third-party managerial services. BFT Financial Group mitigates these conflicts of interest through strong oversight of soft-dollar arrangements by the Chief Compliance Officer, in order to assure the soft dollar benefits, serve the best interests of the client.

There may other benefits from recommending Interactive Brokers or other third-party managers such as software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Other services may include, but are not limited to, performance reporting, financial planning, contact management systems, third-party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to

consultants and other third-party service providers who provide a wide array of business related services and technology with whom BFT Financial Group may contract directly. BFT Financial Group may receive seminar expense reimbursements from product sponsors which may be based on the sales of products to their clients.

Soft dollar benefits may be proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.

## **Item 13      Review of Accounts**

### **PORTFOLIO MANAGEMENT SERVICES**

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are also reviewed quarterly. 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 investment committee which is composed of the following: Stephen Freeman, Member Manager, Bill Schultz, Managing Member and Stephen Tally, CEO and Chief Compliance Officer.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that Portfolio Management Services clients receive from their broker-dealer, BFT Financial Group, LLC will provide quarterly reports summarizing account performance, balances and holdings.

### **MODEL PORTFOLIO MANAGEMENT SERVICES**

**REVIEWS:** While the underlying securities within Model Portfolio Management Services accounts are regularly monitored, these accounts are reviewed on an as needed basis. Accounts are reviewed in the context of the investment objectives and guidelines of each model portfolio as well as any investment restrictions provided by the client. 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 investment committee which is composed of the following: Stephen Freeman, Member Manager, Bill Schultz, CCO, and Stephen Tally, CEO, Ray Pinson and Travis Crowell.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that Model Portfolio Management Services clients receive from their broker-dealer, BFT Financial Group, LLC will provide quarterly reports summarizing account performance, balances and holdings. These reports will also remind the client to notify us if there have been changes in the client's financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions.

The BFT Financial Group is made up of multiple independent offices providing advisory services under different local business names. These local offices include Corporate Pensions Company, KMR Financial Group, and Rockwall Wealth Management. In addition, we have an

office located in Hong Kong, China. During the course of the relationship with BFT Financial Group our clients may also see these other business names on correspondence, performance reports and/or account statements received from their account custodians.

### **SELECTION and MONITORING of THIRD-PARTY MONEY MANAGERS**

**REVIEWS:** These clients should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reviews provided by that independent registered investment adviser.

BFT Financial Group, LLC will provide reviews on an as needed basis. These accounts are reviewed by the investment advisor.

**REPORTS:** These clients should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reports provided by that independent registered investment adviser.

BFT Financial Group, LLC does not typically provide reports in addition to those provided by the independent registered investment adviser selected to manage the client's assets.

### **FINANCIAL PLANNING SERVICES**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

**REPORTS:** Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

### **CONSULTING SERVICES**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Consulting Services clients unless otherwise contracted for. Such reviews will be conducted by the client's account representative.

**REPORTS:** Consulting Services clients will not typically receive reports due to the nature of the service.

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

### **CLIENT REFERRALS**

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;

- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

## **OTHER COMPENSATION**

Our firm and/or our officers and representatives are eligible to receive incentive awards (including prizes such as trips or bonuses) for recommending certain types of insurance policies or other investment products that we recommend.

While we endeavor at all times to put the interest of our clients first as part of our fiduciary duty, the possibility of receiving incentive awards creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

### **Item 15 Custody**

Our firm does not have actual custody of client accounts. However, we are considered to have constructive custody since as previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure our firm may directly debit advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not always calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

### **Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell
- determine when to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## **Item 17     Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

## **Item 18     Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. BFT Financial Group, LLC has no additional financial circumstances to report.

BFT Financial Group, LLC has not been the subject of a bankruptcy petition at any time during the past ten years.