

# FORM ADV PART 2A DISCLOSURE BROCHURE



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This brochure provides information about the qualifications and business practices of BayBridge Capital Group, LLC. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at (925) 905-9901. 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 BayBridge Capital Group, LLC (CRD #284867) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**March 3, 2020**

## **Item 2: Material Changes**

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### **Annual Update**

The material changes in this brochure from the last annual updating amendment of BayBridge Capital Group, LLC on February 27, 2019 are described below. Material changes relate to BayBridge Capital Group, LLC's policies, practices or conflicts of interests.

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### **Material Changes since the Last Update**

- BayBridge Capital Group, LLC ("BBCG") has updated their fee schedule. (Item 5)
- BayBridge Capital Group, LLC ("BBCG") offers One-Time and Continuing Financial Planning Services. (Item 5)
- BayBridge Capital Group, LLC ("BBCG") has updated Item 13 to disclose that accounts are reviewed semiannually.
- BayBridge Capital Group, LLC has updated the disclosure in Item 15.
- BayBridge Capital Group, LLC has updated the disclosure in Item 8.

### **Initial Filing**

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### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (888) 440-2224 or by email at: [myplan@baybridgecg.com](mailto:myplan@baybridgecg.com)

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## **Item 4: Advisory Business**

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### **Firm Description**

BayBridge Capital Group, LLC ("BBCG") was founded in 2015 and operated as the d.b.a. Infinity Financial Services. In October of 2016, BBCG applied for registration to operate as a registered investment adviser in the State of California. Kevin C. Batstone is 50% owner and Eugene M. Gurevich is 50% owner.

BBCG is a fee only investment management and financial consulting firm. BBCG does not act as a custodian of client assets.

An evaluation of each client's initial situation is provided to the client, often in the form of a net worth statement, risk analysis or similar document. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Under CCR Section 260.238(k), BBCG, its representatives, or any of its employees will disclose to clients all material conflicts of interest.

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### **Types of Advisory Services**

#### **ASSET MANAGEMENT**

BBCG offers discretionary direct asset management services to advisory clients. BBCG will offer clients ongoing portfolio management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring, and the overall investment program will be based on the above factors. The client will authorize BBCG discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement.

#### **FINANCIAL PLANNING AND CONSULTING SERVICES**

If financial planning and consulting services are applicable, services include but are not limited to a thorough review of all applicable topics including Wills, Estate Plan/Trusts, Investments, Qualified Plans, Taxes, and Insurance. Under California Code of Regulations, 10 CCR Section 260.235.2, it requires that the conflict of interest, which exists between the interests of the investment BBCG and the interests of the client when offering financial planning services, be disclosed. The client is under no obligation to act upon the BBCG's recommendation. If the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through BBCG.

#### **ERISA PLAN SERVICES**

BBCG provides service to qualified and non-qualified retirement plans including 401(k) plans, 403(b) plans, pension and profit-sharing plans, cash balance plans, and deferred compensation plans. BBCG acts as a 3(21) advisor.

**Limited Scope ERISA 3(21) Fiduciary.** BBCG acts as a limited scope ERISA 3(21) fiduciary that can advise, help and assist plan sponsors with their investment decisions on a non-discretionary basis. As an investment advisor BBCG has a fiduciary duty to act in the best interest of the client. The plan sponsor is still ultimately responsible for the decisions made in their plan, though using BBCG can help the plan sponsor delegate liability by following a diligent process.

1. Fiduciary Services are:
  - a. Provide non-discretionary investment advice to the Client about asset classes and investment alternatives available for the Plan in accordance with the Plan's investment policies and objectives. Client will make the final decision regarding the initial selection, retention, removal and addition of investment options.
  - b. Assist the Client with the selection of a broad range of investment options consistent with ERISA Section 404(c) and the regulations there under.
  - c. Assist the Client in the development of an investment policy statement ("IPS"). The IPS establishes the investment policies and objectives for the Plan. Client shall have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the IPS.
  - d. Assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformance to the guidelines set forth in the IPS and make recommendations to maintain, remove or replace investment options.
  - e. Meet with Client on a periodic basis to discuss the reports and the investment recommendations.
  - f. Provide non-discretionary investment advice to the Plan Sponsor with respect to the selection of a qualified default investment alternative for participants who are automatically enrolled in the Plan or who have otherwise failed to make investment elections. The Client retains the sole responsibility to provide all notices to the Plan participants required under ERISA Section 404(c) (5).
2. Non-fiduciary Services are:
  - a. Assist in the education of Plan participants about general investment information and the investment alternatives available to them under the Plan. Client understands BBCG's assistance in education of the Plan participants shall be consistent with and within the scope of the Department of Labor's definition of investment education (Department of Labor Interpretive Bulletin 96-1). As such, BBCG is not providing fiduciary advice as define by ERISA to the Plan participants. BBCG will not provide investment advice concerning the prudence of any investment option or combination of investment options for a particular participant or beneficiary under the Plan.
  - b. Assist in the group enrollment meetings designed to increase retirement plan participation among the employees and investment and financial understanding by the employees.
  - c. BBCG may provide these services or, alternatively, may arrange for the Plan's other providers to offer these services, as agreed upon between BBCG and Client.
3. BBCG has no responsibility to provide services related to the following types of assets ("Excluded Assets"):
  - a. Real estate (except for real estate funds or publicly traded REITs);
  - b. Participant loans;
  - c. Non-publicly traded partnership interests;
  - d. Other non-publicly traded securities or property (other than collective trusts and similar vehicles); or
  - e. Other hard-to-value or illiquid securities or property.

Excluded Assets will **not** be included in the AUM calculation of fees paid to BBCG under this Agreement.

BBCG will not have discretion or custody, at any time, of client funds and/or securities.

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### **Wrap Fee Programs**

BBCG does not sponsor a wrap fee program.

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### **Client Tailored Services and Client Imposed Restrictions**

The goals and objectives for each client are documented in our client files. Investment strategies are created that reflect the stated goals and objectives. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without written client consent.

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### **Client Assets under Management**

As of December 31, 2019, BBCG has \$47,975,746 in discretionary assets under management.

BBCG currently has \$288,029,891 in assets under advisement.

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## **Item 5: Fees and Compensation**

### **Method of Compensation and Fee Schedule**

#### ASSET MANAGEMENT

BBCG offers discretionary asset management services to advisory clients. The fees for these services will be based on a percentage of Assets Under Management as follows:

Traditional IRAs and Roth IRAs

<i>Assets Under Management</i>	<i>Annual Fee</i>
<i>All Assets</i>	0.50 %

All other accounts

<i>Assets Under Management</i>	<i>Annual Fee</i>
<i>All Assets</i>	0.75 %

\*Accounts under 100k will have a low balance fee of \$20 per quarter applied if they are not signed up for our financial planning services

\* After 3MM household AUM, the investment management fee becomes negotiable.

The annual fee may be negotiable. Accounts within the same household may be combined for a reduced fee. New client accounts will be assessed a prorated fee in advance based on the starting account value in order to compensate BBCG for services rendered through the end of the initial quarter with BBCG. Fees are billed quarterly in advance based on the average daily balance.

Quarterly advisory fees are deducted from the clients' account by the custodian. The fees must be paid within ten (10) days following the beginning of the quarter which the account is being billed for. Lower fees for comparable services may be available from other sources. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement for a full refund. Clients may terminate advisory services with thirty (30) days written notice. The client will be entitled to a pro rata refund for the days service was not provided in the final quarter. Client shall be given thirty (30) days prior written notice of any increase in fees, and client will acknowledge, in writing, any agreement of increase in said fees.

Please note, Asset Management fees do not include the development or implementation of a financial plan. A description of these services and fees can be found below.

#### FINANCIAL CONSULTING SERVICES

BBCG offers financial consulting and planning services as a one-time service or continually on an annual basis. Prior to the planning process the client will be provided an estimated plan fee. Lower fees for comparable services may be available from other sources.

All plans are delivered inside of ninety (90) days, assuming all information has been provided by the client in a timely manner. If the client cancels within five (5) business days, no fees will be due. If a client cancels after five (5) business days, Advisor is entitled to any earned fees and will bill the client.

Financial plans and financial planning may include but are not limited to: investment planning; life insurance; tax concerns; retirement planning; education planning; and debt/credit planning.

#### ONE-TIME FINANCIAL PLANNING/CONSULTING SERVICES AND FEES

There are three levels of one-time financial planning services available, with a one-time fee that can range from \$1,200 to \$2,400, assessed at the time of the delivery of the plan. This fee does not include implementation or ongoing financial planning services. The final fee schedule will be attached as Exhibit II of the Financial Planning Agreement.

**Accumulation Phase: (\$1,200)** focuses primarily on budgeting and applies the 'cash flow' approach to financial planning.

**Preservation Phase: (\$1,800)** Shifts from 'cash flow' to 'goal based' financial planning as we begin to strategize for a targeted retirement date.

**Distribution Phase: (\$2,400)** For clients age 60+ and focuses on income replacement through social security and retirement savings optimization

**Hourly Fees:** The hourly fee for these services is \$250. The fees are negotiable, and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement.

The fees are negotiable and BBCG reserves the right to waive the one-time financial planning service fee should the client decide to implement the plan with Advisor.



## CONTINUING FINANCIAL PLANNING SERVICES

Financial plans and financial planning may include but are not limited to: investment planning; life insurance; tax concerns; retirement planning; education planning; and debt/credit planning. Ongoing financial planning services may include the following on an annual basis:

- Access to a Custom Financial Planning Portal
- Quarterly Reports
- Semi Annual review meetings
- Financial Report Card
- Net Worth Update
- Budget Review
- Life/Disability Insurance Review
- Financial Goals Assessment
- Retirement Goals Assessment
- LTC Insurance Review
- Cash Flow Analysis
- Social Security Optimization
- RMD Planning
- Estate Plans & College Savings Assessment
- Real Estate & Mortgage Analysis
- Personal Insurance Review (Home, Auto, Umbrella, Earthquake)
- Review of Employee Benefits
- Medicare Supplemental Insurance Review
- Year-End Tax Planning
- Real Estate & Mortgage Analysis

## CONTINUING FINANCIAL PLANNING FEES

There are three levels of ongoing financial planning services available, with an annual fee that can range from \$2,400 to \$4,800, assessed quarterly. The final fee schedule will be attached as Exhibit II of the Financial Planning Agreement.

**Accumulation Phase: (\$2,400)** focuses primarily on budgeting and applies the ‘cash flow’ approach to financial planning.

**Preservation Phase: (\$3,600)** Shifts from ‘cash flow’ to ‘goal based’ financial planning as we begin to strategize for a targeted retirement date.

**Distribution Phase: (\$4,800)** For clients age 60+ and focuses on income replacement through social security and retirement savings optimization

**Hourly Fees:** The hourly fee for these services is \$250. The fees are negotiable, and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement.

Fixed or hourly ongoing financial planning fees are withdrawn directly from client account with client written authorization quarterly.

Please note, Financial Planning fees do not include Asset Management services. A description of these services and fees can be found above.

#### ERISA PLAN SERVICES

The annual fees are based on a fixed fee, or on the market value of the Included Assets based on the following fee schedule:

<b><i>Assets Under Management</i></b>	<b><i>Annual Fee</i></b>	<b><i>Quarterly Fee</i></b>	<b><i>Monthly Fee</i></b>
<b><i>\$0 - \$500K</i></b>	0.75% *	0.1875%	0.0625%
<b><i>\$500,001 - \$1MM</i></b>	0.60%	0.15%	0.05%
<b><i>\$1,000,001 - \$2MM</i></b>	0.50%	0.125%	0.04167%
<b><i>\$2,000,001 - \$3MM</i></b>	0.40%	0.1%	0.03333%
<b><i>\$3,000,001 - \$4MM</i></b>	0.35%	0.0875%	0.02917%
<b><i>\$4,000,001 - \$5MM</i></b>	0.30%	0.075%	0.025%
<b><i>\$5,000,001 - \$10MM</i></b>	0.25%	0.0625%	0.02083%
<b><i>\$10,000,001 - \$25MM</i></b>	0.20%	0.05%	0.01667%

\* Minimum fee of \$4,000. If a plan does not have enough assets under management to meet the \$4,000 minimum fee, the plan sponsor will be responsible to pay the \$4,000 minimum fee. BBCG will only charge the fixed fee until the assets under management fee surpasses the minimum fixed fee.

BBCG may charge a fixed fee based on \$200/ hour, the client will agree to the total fee prior to services being rendered and will not be charged more if hours of service exceed the estimated length of time. Fixed fees will be charged in the following circumstances:

- BBCG will charge a fixed fee for plans that include excluded assets (as mentioned in Item 4). The fee for the plan will be based on the general scope of work to be provided and the amount of time spent on the services.

If a plan exceeds \$25,000,000, BBCG will charge a flat fee that will be negotiable and will not exceed 0.20%.

The annual fee may be negotiable. Fees may be charged quarterly or monthly in arrears or in advance based on the assets as calculated by the custodian or record keeper of the Included Assets (without adjustments for anticipated withdrawals by Plan participants or other anticipated or scheduled transfers or distribution of assets). If the services to be provided start any time other than the first day of a quarter, the fee will be prorated based on the number of days remaining in the quarter. If this Agreement is terminated prior to the end of the fee period, BBCG shall may be entitled to a prorated fee based on the number of days during the fee period services were provided.

The fee schedule, which includes compensation of BBCG for the services is described in detail in Schedule A of the ERISA Plan Agreement. The Plan is obligated to pay the fees, however the Plan Sponsor may elect to pay the fees. Client may elect to be billed directly or have fees deducted

from Plan Assets. BBCG does not reasonably expect to receive any additional compensation, directly or indirectly, for its services under this Agreement. If additional compensation is received, BBCG will disclose this compensation, the services rendered, and the payer of compensation. BBCG will offset the compensation against the fees agreed upon under this Agreement.

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## **Client Payment of Fees**

Investment management fees are billed quarterly in advance, meaning we bill you at the beginning of the quarter. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

Some ERISA Plan Services fees may be billed in advance. This is detailed in the ERISA Planning Agreement.

Fees for financial plans are due upon delivery of the plan. All plans are delivered inside of ninety (90) days, assuming all information has been provided by the client in a timely manner.

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## **Additional Client Fees Charged**

Custodians may charge transaction fees on purchases or sales of certain mutual funds, equities, and exchange-traded funds. These charges may include Mutual Fund transactions fees, postage and handling and miscellaneous fees (fee levied to recover costs associated with fees assessed by self-regulatory organizations). The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

BBCG, in its sole discretion, may charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

For more details on the brokerage practices, see Item 12 of this brochure.

### **Prepayment of Client Fees**

BBCG collects investment advisory fees in advance. The client will receive a pro rata refund if the agreement is terminated during the quarter.

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

Investment Advisor Representatives of BBCG are licensed insurance agents. As such, they will receive commissions for the sale of insurance products.

This practice represents a conflict of interest because it gives an incentive to recommend products based on the commission received. This conflict is mitigated by the fact that BBCG and its affiliated persons have a fiduciary responsibility to place the best interest of the client first and the clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent of their choosing.

Managing Member Eugene M. Gurevich works as a registered representative and an investment advisor representative with Infinity Financial Services, and may receive commissions for the sale of securities as a registered representative of Infinity Financial Services.

This activity represents a conflict of interest because it gives an incentive to recommend products and services based on the commission and/or fee amount received. This conflict is mitigated by

the fact that BBCG has a fiduciary responsibility to place the best interest of the client first and the clients are not required to purchase any products or services. Clients have the option to purchase these products or services through another broker dealer or investment advisor representative of their choosing.

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

### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities. BBCG does not use a performance-based fee structure because of the conflict of interest. Performance based compensation may create an incentive for BBCG to recommend an investment that may carry a higher degree of risk to the client.

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

### **Description**

BBCG generally provides investment advice to individuals, high net worth individuals, pension and profit-sharing plans, and businesses. Client relationships vary in scope and length of service.

### **Account Minimums**

BBCG does not require a minimum to open an account.

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

### **Methods of Analysis**

BBCG may utilize fundamental analysis when managing client's assets. Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not a guarantee of future returns.

Fundamental analysis involves evaluating a stock using real data such as company revenues, earnings, return on equity, and profits margins to determine underlying value and potential growth.

The main sources of information include Morningstar, client documents such as tax returns and insurance policies.

During financial consulting services for a client, BBCG's analysis may include cash flow analysis, investment planning, risk management, tax planning and estate planning. Based on the information gathered, a detailed strategy is tailored to the client's specific situation.

The main sources of information include financial newspapers and magazines, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

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### **Investment Strategy**

BBCG implements various investment strategies based on the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an Investment Policy Statement or Risk Tolerance that documents their objectives and their desired investment strategy.

BBCG typically invests client assets in diversified portfolios consisting primarily of mutual funds and ETFs; however, BBCG may use other strategies (such as long-term purchases and short-term purchases) based on the client's desired objectives.

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### **Security Specific Material Risks**

All investment programs have certain risks that are borne by the investor. Fundamental analysis may involve interest rate risk, market risk, business risk, and financial risk.

Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks and should discuss these risks with BBCG:

- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Market Risk:* The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- *Inflation Risk:* When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the

dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

- *Reinvestment Risk*: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Business Risk*: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- *Liquidity Risk*: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Financial Risk*: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- *Long-term purchases*: Long-term investments are those vehicles purchased with the intention of being held for more than one year. Typically the expectation of the investment is to increase in value so that it can eventually be sold for a profit. In addition, there may be an expectation for the investment to provide income. One of the biggest risks associated with long-term investments is volatility, the fluctuations in the financial markets that can cause investments to lose value.
- *Short-term purchases*: Short-term investments are typically held for one year or less. Generally there is not a high expectation for a return or an increase in value. Typically, short-term investments are purchased for the relatively greater degree of principal protection they are designed to provide. Short-term investment vehicles may be subject to purchasing power risk — the risk that your investment's return will not keep up with inflation.

## **Item 9: Disciplinary Information**

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### **Criminal or Civil Actions**

The firm and its management have not been involved in any criminal or civil action required to be reported.

### **Administrative Enforcement Proceedings**

The firm and its management have not been involved in administrative enforcement proceedings required to be reported.

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

The firm and its management have not been involved in legal or disciplinary events related to

past or present investment clients required to be reported.

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

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

Managing Member Eugene M. Gurevich, works as a registered representative and investment advisor representative with Infinity Financial Services, and may receive commissions for the sale of securities as a registered representative of Infinity Financial Services.

This activity represents a conflict of interest because it gives an incentive to recommend products and services based on the commission and/or fee amount received. This conflict is mitigated by the fact that BBCG has a fiduciary responsibility to place the best interest of the client first and the clients are not required to purchase any products or services. Clients have the option to purchase these products or services through another broker dealer or investment advisor representative of their choosing.

### **Futures or Commodity Registration**

Neither BBCG nor its employees are registered or has an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

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

Investment Advisor Representatives of BBCG are licensed insurance agents. As such, they will receive commissions for the sale of insurance products.

This practice represents a conflict of interest because it gives an incentive to recommend products based on the commission received. This conflict is mitigated by the fact that BBCG and its affiliated persons have a fiduciary responsibility to place the best interest of the client first and the clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent of their choosing.

### **Recommendations or Selections of Other Investment BBCGs and Conflicts of Interest**

BBCG does not solicit the services of Third Party Money Managers to manage client accounts.

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

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### **Code of Ethics Description**

The employees of BBCG have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of BBCG employees and addresses conflicts that may arise. The Code defines acceptable behavior for employees of BBCG. The Code reflects BBCG and its supervised persons' responsibility to act in the best interest of their client.

One area the Code addresses is when employees buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our clients. We do not allow any employees to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our clients.

BBCG's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisor representative or other employee, officer or director of BBCG may recommend any transaction in a security or its derivative to advisory clients or engage in

personal securities transactions for a security or its derivatives if the investment advisor representative possesses material, non-public information regarding the security.

BBCG's Code is based on the guiding principle that the interests of the client are our top priority. BBCG's officers, directors, BBCGs, and other employees have a fiduciary duty to our clients and must diligently perform that duty to maintain the complete trust and confidence of our clients. When a conflict arises, it is our obligation to put the client's interests over the interests of either employees or the company.

The Code applies to "access" persons. "Access" persons are employees who have access to non-public information regarding any clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public.

The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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### **Investment Recommendations Involving a Material Financial Interest and Conflict of Interest**

BBCG and its employees do not recommend to clients securities in which we have a material financial interest.

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

BBCG and its employees may buy or sell securities that are also held by clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide BBCG with copies of their brokerage statements.

The Chief Compliance Officer of BBCG is Kevin Batstone. He reviews all employee trades each quarter. The personal trading reviews helps mitigate that the personal trading of employees does not affect the markets and that clients of the firm have received preferential treatment over employee trades.

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

BBCG does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist. However, employees may buy or sell securities at the same time they buy or sell securities for clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide BBCG with copies of their brokerage statements.

Kevin Batstone reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment over employee transactions.



## **Item 12: Brokerage Practices**

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### **Factors Used to Select Broker-Dealers for Client Transactions**

BBCG recommends the use of a particular broker-dealer, TD Ameritrade Institutional, a Division of TD Ameritrade, Inc., Member FINRA/SIPC. BBCG will select appropriate brokers based on a number of factors including but not limited to their relatively low transaction fees and reporting ability. BBCG relies on its broker to provide its execution services at the best prices available. Lower fees for comparable services may be available from other sources. Clients pay for any and all custodial fees in addition to the advisory fee charged by BBCG .

BBCG participates in the TD Ameritrade Institutional program. TD Ameritrade, Inc. ("TD Ameritrade") is an independent SEC-registered broker-dealer and is not affiliated with BBCG. TD Ameritrade offers to independent investment advisory services which include custody of securities, trade execution, clearance and settlement of transactions. BBCG receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14)

- *Directed Brokerage*  
BBCG does not allow directed brokerage. Therefore, when working with BBCG, BBCG has discretionary authority to determine the broker dealer to be used for a purchase or sale of securities for a client's account.
- *Best Execution*  
Investment advisors who manage or supervise client portfolios have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is effected, the ability to effect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. The firm does not receive any portion of the trading fees.
- *Soft Dollar Arrangements*  
The Securities and Exchange Commission defines soft dollar practices as arrangement under which products or services other than execution services are obtained by BBCG from or through a broker-dealer in exchange for directing client transactions to the broker-dealer. As permitted by Section 28(e) of the Securities Exchange Act of 1934, BBCG receives economic benefits as a result of commissions generated from securities transactions by the broker-dealer from the accounts being managed by BBCG. These benefits include both proprietary research from the broker and other research written by third parties.

A conflict of interest exists when BBCG receives soft dollars. This conflict is mitigated by the fact that BBCG has a fiduciary responsibility to act in the best interest of its clients and the services received are beneficial to all clients.

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

BBCG may aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other Clients of BBCG. All clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rated basis.

## **Item 13: Review of Accounts**

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

Account reviews are performed semiannually by Managing Member, Kevin Batstone and Eugene Gurevich, of BBCG. Account reviews are performed more frequently when market conditions dictate.

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### **Review of Client Accounts on Non-Periodic Basis**

Other conditions that may trigger a review of clients' accounts are changes in the tax laws, new investment information, and changes in a client's own situation.

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### **Content of Client Provided Reports and Frequency**

Clients receive written account statements no less than quarterly for managed accounts. Account statements are issued by the client's custodian. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs.

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

### **Economic benefits provided to the Advisory Firm from External Sources and Conflicts of Interest**

As disclosed under Item 12 above, BBCG participates in TD Ameritrade's institutional customer program and BBCG may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between BBCG's participation in the program and the investment advice it gives to its Clients, although BBCG receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits 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 BBCG 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; and discounts on compliance, marketing, research, technology, and practice management products or services provided to BBCG by third party vendors.

Some of the products and services made available by TD Ameritrade through the program may benefit BBCG but may not benefit its Client accounts. These products or services may assist BBCG in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help BBCG manage

and further develop its business enterprise. The benefits received by BBCG or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, BBCG endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by BBCG or its related persons in and of itself creates a conflict of interest and may indirectly influence the BBCG's choice of TD Ameritrade for custody and brokerage services.

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**Advisory Firm Payments for Client Referrals**

BBCG does not compensate for client referrals.

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**Item 15: Custody****Account Statements**

When it deducts fees directly from client accounts at a selected custodian, BBCG will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

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**Item 16: Investment Discretion****Discretionary Authority for Trading**

BBCG accepts discretionary authority to manage securities accounts on behalf of clients. BBCG has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, the broker dealer to be used for a purchase or sale of securities for a client's account, and the amount of the securities to be bought or sold. The client will authorize BBCG discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement.

The client approves the custodian to be used and the commission rates paid to the custodian. BBCG does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

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

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### **Proxy Votes**

BBCG does not vote proxies on securities. Clients are expected to vote their own proxies. The client will receive their proxies directly from the custodian of their account or from a transfer agent.

When assistance on voting proxies is requested, BBCG will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client.

## **Item 18: Financial Information**

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### **Balance Sheet**

A balance sheet is not required to be provided because BBCG does not serve as a custodian for client funds or securities and BBCG does not require prepayment of fees of more than \$1,200 per client and six months or more in advance.

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

BBCG has no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

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### **Bankruptcy Petitions during the Past Ten Years**

No bankruptcy petitions to report.