

Form ADV Part 2A: *Firm Brochure*

Item 1 – Cover Page

Bluerock Wealth Management, LLC

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Alpharetta, GA 30022

678-527-2800

Date of Disclosure Brochure: September 25, 2020

This disclosure brochure provides information about the qualifications and business practices of Bluerock Wealth Management, LLC (also referred to as we, us and Bluerock Wealth Management throughout this disclosure brochure). If you have any questions about the contents of this disclosure brochure, please contact Lesley Murray at 678-527-2800 or lesley@bluerockwealth.com. The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Bluerock Wealth Management is also available on the Internet at www.adviserinfo.sec.gov. You can view our firm's information on this website by searching for Bluerock Wealth Management, LLC or our firm's CRD number 305670.

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

Item 2 – Material Changes

Bluerock Wealth Management is a registered investment adviser with the Securities and Exchange Commission (“SEC”), under the rules and regulations of the US Investment Advisers Act of 1940, as amended (the “Advisers Act”). Bluerock Wealth Management has had the following material changes since the last annual update on January 30, 2020:

- None.

In the future, this item will discuss only specific material changes that are made to the disclosure brochure and provide readers with a summary of such changes.

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

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Item 4 – Advisory Business

Bluerock Wealth Management is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and is a limited liability company (LLC) formed under the laws of the State of Georgia.

- Rajen K. Chokshi is CEO and majority owner of Bluerock Wealth Management.
- Bluerock Wealth Management was approved by the SEC to conduct business as a Registered Investment Advisor in October 2019.

Introduction

The investment advisory services of Bluerock Wealth Management are provided to you through an appropriately licensed individual who is an investment adviser representative of Bluerock Wealth Management (referred to as your investment adviser representative throughout this brochure).

Description of Advisory Services

The following are descriptions of the primary advisory services of Bluerock Wealth Management. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and Bluerock Wealth Management before we can provide you the services described below.

Asset Management Services – Bluerock Wealth Management offers asset management services, which involves Bluerock Wealth Management providing you with continuous and ongoing supervision over your specified accounts.

You must appoint our firm as your investment adviser of record on specified accounts (collectively, the “Portfolio”). The Portfolio consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodians maintain physical custody of all funds and securities of the Portfolio, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Portfolio.

The Portfolio is managed by us based on your financial situation, investment objectives and risk tolerance. We actively monitor the Portfolio and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Portfolio.

We will need to obtain certain information from you to determine your financial situation and investment objectives. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however, we will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. We are always reasonably available to consult with you relative to the status of your Portfolio. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities.

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

Financial Planning Services - Bluerock Wealth Management offers financial planning services only to clients that engage the firm to manage their assets.

Our Financial Planning services may consist of, but are not limited to, the following: tax planning, estate planning, retirement planning, education planning, insurance analysis and investment advice. Often, our services include preparation of a financial plan covering specific or multiple topics to provide you with financial and investment strategies as well as specific recommendations. When providing financial planning services, the role of your investment adviser representative is to find ways to help you understand your overall financial situation and help you set financial objectives. To provide comprehensive financial planning services, we request that the client provide certain records and documents for review. This information is vital for providing financial planning that is tailored to that particular client's needs. These documents may include: Tax returns, W2s, 1099s, statements and summaries for retirement plans, individual insurance policies, investment account statements, copies of wills and trusts, and other pertinent documents.

You have the sole responsibility for determining whether to implement our financial planning recommendations.

Limits Advice to Certain Types of Investments

Bluerock Wealth Management provides investment advice on the following types of investments:

- Mutual Funds
- Exchange Traded Funds (ETFs)
- Exchange-listed Securities
- Securities Traded Over the Counter
- Foreign Issues
- Warrants
- Corporate Debt Securities
- Commercial Paper
- Certificates of Deposit
- Municipal Securities
- Variable Annuities
- Variable Life Insurance

- US Government Securities
- Options Contracts on Securities
- Options Contracts on Commodities
- Futures Contracts on Tangibles
- Futures Contracts on Intangibles
- Interests in Partnerships Investing in Real Estate
- Interests in Partnerships Investing in Oil and Gas Interests
- Securities Properly Exempted from Registration
- Hedge Funds

Although we generally provide advice only on the products previously listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

Investment advice will be provided on the client's current investment holdings, such as mutual funds, exchange-traded funds, individual stocks and individual fixed income securities. In the case of more specialized investments, such as individual REITs, private equity holdings and hedge funds, general advice may be provided and these assets will be incorporated into the overall financial plan. However, we may not specialize in these outside assets and are only responsible for what we directly manage. We may suggest working with a professional that specializes in these particular investments.

We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)

Tailor Advisory Services to Individual Needs of Clients

Bluerock Wealth Management's advisory services are always provided based on your individual needs. This means, for example, that when we provide asset management services, you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with you on a one-on-one basis through interviews to determine your investment objectives and suitability information. Our financial planning services are always provided based on your individual needs. When providing financial planning services, we work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

We will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

Client Assets Managed by Bluerock Wealth Management

As of January 27, 2020, Bluerock Wealth Management has approximately \$464,599,292 of discretionary assets under management and \$0 of non-discretionary assets under management.

Item 5 – Fees and Compensation

In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements. It should be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the agreement between you and Bluerock Wealth Management.

Asset Management Services

Fees charged for our asset management services are charged based on a percentage of assets under management, billed in advance (at the start of the billing period) on a quarterly calendar basis and calculated based on the fair market value of your account as of the last business day of the previous billing period. 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 a billing period, the prorated fee for the initial billing period is billed in arrears at the same time as the next full billing period's fee is billed.

The asset management services continue in effect until terminated by either party (i.e., Bluerock Wealth Management or you) by providing written notice of termination to the other party. Any prepaid, unearned fees will be promptly refunded by Bluerock Wealth Management to you. Fee refunds will be determined on a pro rata basis using the number of days services are actually provided during the final period.

Fees charged for our asset management services are negotiable based on the type of client, the complexity of the client's situation, the potential for additional account deposits, the relationship of the client with the investment adviser representative, and the total amount of assets under management for the client.

For our asset management services, clients will be charged an annual fee based upon the amount of assets under management. Each asset tier shall be assessed a fee percentage in accordance with the schedule shown below. The cumulative fee percentage for the account shall be a blended rate based on the fee percentages applied to each asset tier:

<u>Assets Under Management</u>	<u>Annual Fees</u>
The first \$2,000,000	1.000%
\$2,000,001 – \$5,000,000	0.750%
Over \$5,000,000	0.500%

(This is a blended fee schedule. This means that the assets in a client's account will be billed at different levels according to the fee schedule above. For example, if a client had an account value of \$6,000,000 then the following equation would be used to calculate their quarterly fee: $(\$2,000,000 \times 1\%) + (\$3,000,000 \times .75\%) + (\$1,000,000 \times .50\%) = \$47,500/4 = \$11,875.00$.)

Bluerock Wealth Management has a minimum annual fee of \$5,000.

Bluerock Wealth Management 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. In addition to our compensation, you may also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses).

The investment advisory fees will 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.

For accounts with a margin balance, clients are assessed the management fee based on the gross value of the assets in the account. In other words, the account value on which the fee is calculated is not reduced by the margin balance.

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.

Brokerage expenses and/or transaction fees charged by the qualified custodian are billed directly to you by the qualified custodian. Bluerock Wealth Management does not receive any portion of such commissions or fees from you or the qualified custodian. In addition, you will incur certain charges imposed by third parties other than Bluerock Wealth Management in connection with investments made through your account including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account. Management fees charged by Bluerock Wealth Management are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus.

On a very limited basis and at the sole discretion of the Advisor asset management services may be charged in a manner different from the fee schedule referenced above. Asset Management service may be provided on a fixed percentage of asset management fee or a fixed flat fee basis. The type of asset management fee to be charged and how the asset management fees will be billed will be specified in your client agreement.

Financial Planning Services

Bluerock Wealth Management does not charge a separate fee for our financial planning services.

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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. *Item 6* is not applicable to this Disclosure Brochure because we do not charge or accept performance-based fees.

Item 7 – Types of Clients

Bluerock Wealth Management generally provides investment advice to the following types of clients:

- Individuals
- High net worth individuals
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

You are required to execute a written agreement with Bluerock Wealth Management specifying the particular advisory services in order to establish a client arrangement with Bluerock Wealth Management.

Minimum Investment Amounts Required

There are no minimum investment amounts required for establishing an account managed by Bluerock Wealth Management. However, the minimum annual management fee is \$5000.00. All clients are required to execute an agreement for services in order to establish a client arrangement with Bluerock Wealth Management.

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

Methods of Analysis

Bluerock Wealth Management uses the following methods of analysis in formulating investment advice:

Fundamental – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong and could therefore lead to an unfavorable investment decision.

There are risks involved in using any analysis method.

To conduct analysis, Bluerock Wealth Management gathers information from financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses and filings with the SEC, and company press releases.

Investment Strategies

Bluerock Wealth Management uses the following investment strategies when managing client assets and/or providing investment advice:

Long term purchases - Investments held at least a year.

Short term purchases - Investments sold within a year.

Value Investing - We primarily follow a value-investing strategy that attempts to acquire at reasonable valuations publicly traded businesses that can deliver sustainable excess returns. We focus on a long-only strategy. Long term strategies are designed to identify and select investments to be held for multiple years. We will also invest in value oriented special situations with shorter expected holding periods.

Value Investing can be described as a strategy of selecting stocks that trade for less than their intrinsic values. Value investors typically seek stocks of companies that they believe the market has undervalued. They believe the market overreacts to good and bad news, resulting in stock price movements that do not correspond with the company's long-term fundamentals. The result is an opportunity for value investors to profit by buying when the price is deflated. Often, value investors select stocks with lower-than-average price-to-book or price-to-earnings ratios and/or high dividend yields. The risks associated with value-investing include incorrectly analyzing and overestimating the intrinsic value of a business, concentration risk, under performance relative to major benchmarks, macro-economic risks, investing in value traps i.e. businesses that remain perpetually undervalued, and lost purchasing power on cash holdings in the case of inflation.

Margin transactions - When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest of the purchase price from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from Bluerock Wealth Management.

Strategic asset allocation - Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a "buy and hold" strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client's goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.

Primarily Recommend One Type of Security

We do not primarily recommend one type of security to clients. Instead, we recommend any product that may be suitable for each client relative to that client's specific circumstances and needs.

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 Bluerock Wealth Management 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

Item 9 is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

Item 10 – Other Financial Industry Activities and Affiliations

Bluerock Wealth Management is **not** and does **not** have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, 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, an accountant or accounting firm, 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.

We are an independent registered investment adviser and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure.

Accounting Services

Rajen Kantilal Chokshi, the CEO of Bluerock Wealth Management, is a licensed CPA however he is not actively engaged in providing tax or accounting services outside of the services provided under Bluerock Wealth Management.

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

Code of Ethics Summary

According to the *Investment Advisers Act of 1940*, an investment adviser is considered a fiduciary and has a fiduciary duty to all clients. Bluerock Wealth Management has established a Code of Ethics to comply with the requirements of Section 204(A)-1 of the *Investment Advisers Act of 1940* that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. The Code of Ethics covers all individuals that are classified as “supervised persons”. All employees, officers, directors and investment adviser representatives are classified as supervised persons. Bluerock Wealth Management requires its supervised persons to consistently act in your best interest in all advisory activities. Bluerock Wealth Management imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm’s fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of Bluerock Wealth Management. If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.

Affiliate and Employee Personal Securities Transactions Disclosure

Bluerock Wealth Management or supervised persons of the firm buy and sell for their personal accounts, investment products identical to those recommended to clients. This creates a conflict of interest. It is the express policy of Bluerock Wealth Management that all persons associated in any manner with our firm must place clients’ interests ahead of their own when implementing personal investments. As is required by our internal procedures manual, Bluerock Wealth Management and its supervised persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

We are now and will continue to be in compliance with applicable state and federal rules and regulations. To mitigate conflicts of interest that can occur when access persons manage their personal accounts at the same time Bluerock Wealth Management manages client accounts, we have developed written

supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, supervised persons):

- Supervised persons cannot prefer their own interests to that of the client.
- Supervised persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Supervised persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Supervised persons are prohibited from purchasing or selling securities of companies in which any client is deemed an “insider”.
- Supervised persons are discouraged from conducting frequent personal trading.
- Supervised persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted to the Chief Compliance Officer of Bluerock Wealth Management.

Any Supervised person not observing our policies is subject to sanctions up to and including termination.

Item 12 – Brokerage Practices

If Bluerock Wealth Management assists in the implementation of any recommendations, we are responsible to ensure that the client receives the best execution possible. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions considered, the transaction execution is in your best interest. When considering best execution, we look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with our existing systems, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back-office services, technology and pricing of services offered.

Brokerage Recommendations

You are under no obligation to act on the financial planning recommendations of Bluerock Wealth Management. If we assist you in the implementation of any recommendations, we are responsible to ensure that you receive the best execution possible.

Bluerock Wealth Management recommends that you establish brokerage accounts with TD Ameritrade, Inc. (Ameritrade) or Fidelity Institutional Asset Management (Fidelity) through their Institutional Platforms.

Ameritrade and Fidelity are members of FINRA/SIPC. Ameritrade and Fidelity are independent (and unaffiliated) SEC-registered broker-dealers and are recommended by Bluerock Wealth Management to maintain custody of clients' assets and to effect trades for their accounts.

At least annually, we will review alternative custodians in the marketplace for comparison to the currently used custodian, evaluating criteria such as overall expertise, cost competitiveness, and financial condition. Quality of execution for custodians will be reviewed through trade journal evaluations.

Bluerock Wealth Management is independently owned and operated and not affiliated with Ameritrade or Fidelity.

The primary factor in suggesting a broker/dealer or custodian is that the services of the recommended firm are provided in a cost-effective manner. While quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price and it is not the sole consideration. The trading process of any broker/dealer suggested by Bluerock Wealth Management must be efficient, seamless, and straight-forward. Overall custodial support services, trade correction services, and statement preparation are some of the other factors determined when suggesting a broker/dealer.

Ameritrade and Fidelity provide us with access to their institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisors at no charge to them so long as the independent investment advisors maintain a minimum amount of assets with the custodian.

Ameritrade and Fidelity also make available to us other products and services that benefit our firm but may not benefit clients' accounts. Some of these other products and services assist us in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); provide research, pricing information and other market data; facilitate payment of the firm's fees from its clients' accounts; and assist with back-office functions; record keeping and client reporting. Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at a recommended custodian. Bluerock Wealth Management is also providing other services intended to help our firm manage and further develop our business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing.

Other benefits we receive include, but are not necessarily limited to: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk; access to block trading which provides the ability to aggregate securities transactions and allocate the appropriate shares to client accounts; access to an electronic communications network for client order entry and account information; and access to mutual funds that generally require significantly higher minimum initial investments or are generally only available to institutional investors.

Directed Brokerage

Clients should understand that not all investment advisors require the use of a particular broker/dealer or custodian. Some investment advisors allow their clients to select whichever broker/dealer the client decides. By requiring clients to use a particular broker/dealer, Bluerock Wealth Management may not achieve the most favorable execution of client transactions and the practice requiring the use of specific broker/dealers may cost clients more money than if the client used a different broker/dealer or custodian.

However, for compliance and operational efficiencies, Bluerock Wealth Management has decided to require our clients to use broker/dealers and other qualified custodians determined by Bluerock Wealth Management.

Soft Dollar Benefits

An investment adviser receives soft dollar benefits from a broker-dealer when the investment adviser receives research or other products and services in exchange for client securities transactions or maintaining an account balance with the broker-dealer.

Bluerock Wealth Management does not have a soft dollar agreement with a broker-dealer or a third-party.

Block Trading Policy

We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when Bluerock Wealth Management believes such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently.

Bluerock Wealth Management uses the pro rata allocation method for transaction allocation.

Under this procedure, pro rata trade allocation means an allocation of the trade at issue among applicable advisory clients in amounts that are proportional to the participating advisory client's intended investable assets. Bluerock Wealth Management will calculate the pro rata share of each transaction included in a block order and assigns the appropriate number of shares of each allocated transaction executed for the client's account. If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which Bluerock Wealth Management or our associated persons may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* Neither we nor our associated persons receive any additional compensation as a result of block trades.

Agency Cross Transactions

Our associated persons are prohibited from engaging in agency cross transactions, meaning we cannot act as brokers for both the sale and purchase of a single security between two different clients and cannot receive compensation in the form of an agency cross commission or principal mark-up for the trades.

Item 13 – Review of Accounts

Account Reviews and Reviewers

Managed accounts are reviewed at least quarterly. While the calendar is the main triggering factor, reviews can also be conducted at your request. Account reviews will include investment strategy and objectives review and making a change if strategy and objectives have changed. Reviews are conducted by Rajen K. Chokshi and/or Rachael Neil, in accordance with your investment goals and objectives.

Statements and Reports

For our asset management services, you are provided with transaction confirmation notices and regular quarterly account statements in writing directly from the qualified custodian. Additionally, Bluerock Wealth Management may provide position or performance reports to you at least annually and upon request.

You are encouraged to always compare any reports or statements provided by us against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.

Item 14 – Client Referrals and Other Compensation

Bluerock Wealth Management does not directly or indirectly compensate any person for client referrals.

The only compensation received from advisory services is the fees charged for providing investment advisory services as described in *Item 5* of this Disclosure Brochure. Bluerock Wealth Management receives no other forms of compensation in connection with providing investment advice.

Bluerock Wealth Management does not directly or indirectly compensate anybody for client referrals.

However, as disclosed under *Item 12* above, Bluerock Wealth Management participates in Ameritrade and Fidelity's institutional customer programs and Adviser may recommend Ameritrade or Fidelity to Clients for custody and brokerage services. There is no direct link between Bluerock Wealth Management's participation in the programs and the investment advice it gives to its Clients, although we receive economic benefits that are typically not available to retail investors through our participation in the programs. 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 our 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 Bluerock Wealth Management by third-party vendors. Ameritrade or Fidelity may also have paid for business consulting and professional services received by our related persons. Some of the products and services made available by Ameritrade or Fidelity through the programs may benefit Bluerock Wealth Management but may not benefit your accounts. These products or services may assist Bluerock Wealth Management in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by Ameritrade or Fidelity are intended to help Bluerock Wealth Management manage and further develop its business enterprise. The benefits received by Bluerock Wealth Management or our personnel through participation in the programs do not depend on the amount of brokerage transactions directed to Ameritrade or Fidelity. As part of its fiduciary duties to clients, we endeavor at all times to put clients' interests first. You should be aware, however, that the receipt of economic benefits by Bluerock Wealth Management or our related persons in and of itself creates a conflict of interest and may indirectly influence Bluerock Wealth Management's choice of Ameritrade or Fidelity for custody and brokerage services.

Bluerock Wealth Management also receives from Ameritrade or Fidelity certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment

advisors participating in the programs. Specifically, the Additional Services include access to on-line investment research services at no cost. Ameritrade and Fidelity provide the Additional Services to Bluerock Wealth Management in its sole discretion and at its own expense, and we do not pay any fees to Ameritrade or Fidelity for the Additional Services. Bluerock Wealth Management and Ameritrade or Fidelity have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Bluerock Wealth Management's receipt of Additional Services raises conflicts of interest. In providing Additional Services to Bluerock Wealth Management the account custodian most likely considers the amount and profitability of the assets in, and trades placed for, our Client accounts maintained with Ameritrade or Fidelity. Ameritrade and Fidelity retain the right to terminate the Additional Services Addendum with Bluerock Wealth Management, in their sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from Ameritrade or Fidelity, Bluerock Wealth Management may have an incentive to recommend to you that the assets under management by Bluerock Wealth Management be held in custody either firm and to place transactions for your accounts with Ameritrade or Fidelity. Bluerock Wealth Management's receipt of Additional Services does not diminish its duty to act in your best interests, including seeking best execution of trades for your accounts.

Please see Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations and Item 12, Brokerage Practices, for additional discussion concerning other compensation.

Item 15 – Custody

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

Bluerock Wealth Management registers and complies with the above definition being that we have Custody. The reason we have been deemed to have custody is because we have access to some client's usernames and passwords for their active 401k or held away accounts. By having access to these credentials, we therefore have "Custody". We only use the passwords to manage the investments within and to aggregate data for client reporting, all with the client's knowledge. Given this, Bluerock Wealth Management is subject to an annual surprise examination.

Standing Letters of Authorization

Some clients may execute limited powers of attorney or other standing letters of authorization that permit the firm to transfer money from their account with the client's independent qualified Custodian to third-parties. This authorization to direct the Custodian may be deemed to cause our firm to exercise limited custody over your funds or securities and for regulatory reporting purposes, we are required to keep track of the number of clients and accounts for which we may have this ability. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate any transfers that may have taken place within your account(s) each billing period. You should carefully review account statements for accuracy.

Item 16 – Investment Discretion

When providing asset management services, Bluerock Wealth Management maintains trading authorization over your Account and can provide management services on a **discretionary** basis. When discretionary authority is granted, we will have the authority to determine the type of securities, the amount of securities that can be bought or sold and the broker or dealer to be used for your portfolio without obtaining your consent for each transaction.

You will have the ability to place reasonable restrictions on the types of investments that may be purchased in your Portfolio.

Item 17 – Voting Client Securities

Proxy Voting

Bluerock Wealth Management does not vote proxies on behalf of Clients. We have determined that taking on the responsibilities for voting client securities does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in your Portfolio.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact us. However, you will have the ultimate responsibility for making all proxy-voting decisions.

Item 18 – Financial Information

This *Item 18* is not applicable to this brochure. Bluerock Wealth Management does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Bluerock Wealth Management has not been the subject of a bankruptcy petition at any time.

Customer Privacy Policy Notice

In November of 1999, Congress enacted the Gramm-Leach-Bliley Act (GLBA). The GLBA requires certain financial institutions, such as investment advisor firms, to protect the privacy of client information. In situations where a financial institution does disclose client information to nonaffiliated third parties, other than permitted or required by law, clients must be given the opportunity to opt out or prevent such disclosure. Bluerock Wealth Management does not share or disclose client information to nonaffiliated third parties except as permitted or required by law.

Bluerock Wealth Management is committed to safeguarding the confidential information of its clients. Bluerock Wealth Management holds all personal information provided by clients in the strictest confidence and it is the objective of Bluerock Wealth Management to protect the privacy of all clients. Except as permitted or required by law, Bluerock Wealth Management does not share confidential information about clients with nonaffiliated parties. In the event that there were to be a change in this policy, Bluerock Wealth Management will provide clients with written notice and clients will be provided an opportunity to direct Bluerock Wealth Management as to whether such disclosure is permissible.

To conduct regular business, Bluerock Wealth Management may collect personal information from sources such as:

- Information reported by the client on applications or other forms the client provides to Bluerock Wealth Management
- Information about the client's transactions implemented by Bluerock Wealth Management or others
- Information developed as part of financial plans, analyses or investment advisory services

To administer and provide related services for client accounts, it is necessary for Bluerock Wealth Management to provide access to client information within the firm and to nonaffiliated companies with whom Bluerock Wealth Management has entered into agreements with. To provide the utmost service, Bluerock Wealth Management may disclose the information below regarding clients and former clients as necessary, to companies to perform certain services on Bluerock Wealth Management' behalf.

- Information Bluerock Wealth Management receives from the client on applications (name, social security number, address, assets, etc.)
- Information about the client's transactions with Bluerock Wealth Management or others (account information, payment history, parties to transactions, etc.)
- Information concerning investment advisory account transactions
- Information about a client's financial products and services transaction with Bluerock Wealth Management

Since Bluerock Wealth Management shares nonpublic information solely to service client accounts, Bluerock Wealth Management does not disclose any nonpublic personal information about Bluerock Wealth Management' clients or former clients to anyone, except as permitted by law. However, Bluerock Wealth Management may also provide client information outside of the firm as required by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas. In the event that Bluerock Wealth Management has a change to its client privacy policy that would allow it to disclose non-public information not covered under applicable law, Bluerock Wealth Management will allow its clients the opportunity to opt out of such disclosure.