



## **WRAP FEE PROGRAM BROCHURE**

### **Part 2A of Form ADV**

**April 13, 2021**

**Barnes Wealth Management Group**  
**5060 California Avenue, Suite 600**  
**Bakersfield California 93309**  
**Phone: (661) 322-9799**  
**Toll Free: (855) 322-9799**  
**Fax: (661) 631-0655**  
**[www.barneswealth.com](http://www.barneswealth.com)**

**This wrap fee program brochure provides information about the qualifications and business practice of Barnes Wealth Management Group. If you have any questions about the contents of this brochure, please contact us at 661-322-9799 or [sbarnes@barneswealth.com](mailto:sbarnes@barneswealth.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state security authority.**

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

**Barnes Wealth Management Group is a registered investment adviser with the Securities and Exchange Commission. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of Barnes Wealth Management Group provides you with information about which you can use to determine to hire or retain Barnes Wealth Management Group.**

## **ITEM 2: MATERIAL CHANGES**

This Brochure dated April 13, 2021 serves as the required annual amendment. There have been no material changes since the last brochure dated March 10, 2020.

Pursuant to State and SEC Rules, Barnes Wealth Management Group will ensure that clients receive a summary of any materials changes to this Brochure within 120 days of the close of Barnes Wealth Management Group's fiscal year. Additionally, as the firm experiences material changes in the future, we will send you a summary of our "Material Changes" under separate cover. For more information about the firm, please visit [www.barneswealth.com](http://www.barneswealth.com).

### ITEM 3: TABLE OF CONTENTS

| <u>Item Number</u>  | <u>Page</u> |
|---|-------------|
| ITEM 1: COVER PAGE.....   | 1           |
| ITEM 2: MATERIAL CHANGES.....                                   | 2           |
| ITEM 3: TABLE OF CONTENTS.....                                  | 3           |
| ITEM 4: SERVICES, FEES AND COMPENSATION .....                   | 4           |
| ITEM 5: ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS .....         | 7           |
| ITEM 6: PORTFOLIO MANAGER SELECTION AND EVALUATION.....         | 7           |
| ITEM 7: CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS ..... | 9           |
| ITEM 8: CLIENT CONTACT WITH PORTFOLIO MANAGERS.....             | 9           |
| ITEM 9: ADDITIONAL INFORMATION .....                            | 10          |

## **ITEM 4: SERVICES, FEES AND COMPENSATION**

### **A. Services under the Wrap Fee Program**

The Barnes Wealth Management Group Wrap Program is an advisory program (the “Program”) sponsored by Barnes Wealth Management Group (“BWMG”). BWMG is registered as an investment advisor with the Securities and Exchange Commission under the Investment Advisers Act of 1940, as amended, and is a California corporation.

The Program offers clients investment strategies that consist of diversified portfolios in a single account that is managed on a discretionary basis.

BWMG provides administration and related services for the Program. BWMG provides portfolio management services for Program accounts on a discretionary basis consistent with clients’ chosen investment strategy. Charles Schwab & Co., Inc. (“Schwab”) or TD Ameritrade Inc. (“TD Ameritrade”) acts as the qualified custodian for Program accounts and provides trade execution and related services for Program accounts. Schwab, TD Ameritrade, and BWMG are separately owned and are unaffiliated.

Clients can communicate with BWMG, Schwab, or TD Ameritrade via electronic channels (i.e., email, chat, website or mobile application), the BWMG office, and via telephone.

Clients should carefully consider whether their participation in the Program is appropriate for their investment needs and goals. Clients can change their investment strategy by going online and completing a new web or mobile-based assessment.

Clients give investment discretion to BWMG to manage their account and make trades in their account. Clients will not be allowed to make trades in their account. Clients can request that certain securities be excluded from their account, but BWMG is not required to accept account restrictions that it deems unreasonable. A request to exclude certain securities from a client’s account can result in delays in the management of the account and the client will be notified that the account cannot be managed with the requested investment restrictions.

The investment advice provided by BWMG is variable depending upon the desires, investment objectives, and other preferences of the client and in accordance with a written Investment Advisory Agreement entered into between BWMG and the client. BWMG offers comprehensive investment advisory services, which encompasses portfolio management as well as providing financial consulting/financial planning to clients, and is designed to assist clients in meeting their financial goals through the use of financial investments. BWMG will conduct one or more meetings (in person if possible, otherwise via telephone conference) with the client in order to understand the client’s current financial situation, existing resources, financial goals, and tolerance for risk. Based on this information BWMG will recommend an investment approach to

the client. Upon written execution of the Investment Advisory Agreement, BWMG will work with the client to establish or transfer investment accounts so that the Firm is able to manage the client's portfolio. BWMG can periodically rebalance or adjust client accounts under its management.

Investment advisory recommendations are based on the client's financial situation at the time the services are provided and are based on financial information disclosed by the client. If the client experiences any significant changes to their financial or personal circumstances, it is the client's responsibility to timely notify the Firm so that such information can be used in managing the client's portfolio. In addition, BWMG does not assume any responsibility for the accuracy of the information provided by clients. Clients are advised that certain assumptions can be made with respect to interest and inflation rates and past trends and performance of the market and economy. Past performance is in no way an indication of future performance.

## **B. Fees**

The Program includes the following services: (i) BWMG's Program administration services; (ii) BWMG's portfolio management services; and (iii) Schwab or TD Ameritrade's trade execution, custody and related services. Clients are not charged and will not be charged a Program fee for these services.

To the extent that cash used by clients to fund their Program accounts comes from redemptions of mutual fund shares, ETFs or other investments outside of the Program, there can be tax consequences or additional costs from sales charges previously paid and redemption fees incurred.

The fees that clients pay directly and indirectly in the Program can be more or less than they would pay if they purchased separately the types of services in the Program. Clients can be able to obtain some or all of the types of services available through the Program on a stand-alone basis from other firms. Factors that bear upon the cost of the Program in relation to the cost of the same services purchased separately include, among other things, the type and size of the account (and other accounts that clients can be able to combine to determine fee break points), the historical and expected size or number of trades for an account, and the number and range of supplementary advisory and other services provided to an account. As BWMG absorbs certain transaction costs in wrap fee accounts, BWMG can have a financial incentive not to place transaction orders in those accounts since doing so increases its transaction costs. Thus, an incentive exists to place trades less frequently in a wrap fee arrangement.

BWMG generally charges a quarterly asset management fee based on the account's assets under management (AUM) as of the close of business on the last business day of the preceding calendar quarter. Asset management fees are calculated and paid quarterly in advance based on

the following annual percentages:

| <b>Assets Under Management</b> | <b>Annual Advisory</b> |
|--------------------------------|------------------------|
| 0 to \$249,999                 | 1.30%                  |
| \$250,000 to \$499,999         | 1.20%                  |
| \$500,00 to \$999,999          | 1.10%                  |
| \$1,000,000 to \$2,999,999     | 1.00%                  |
| \$3,000,000 to \$4,999,999     | 0.90%                  |
| \$5,000,000 and above          | 0.80%                  |

Lower fees for comparable services can be available from other sources. These fees can be negotiated by BWMG under certain circumstances, and at the sole discretion of BWMG.

Should a client open an account during the quarter, management fees will be prorated for assets held for a partial quarter based on the number of days that the account was open during the quarter. In the event that BWMG's services are terminated mid-quarter, the annual fee shall be prorated through the date of termination as defined in the Agreement and any earned, unpaid balance will be immediately due and payable by client, and any pre-paid unearned fees will be promptly refunded to the client.

Clients should understand that the different fees discussed above are specific to what BWMG charges and do not include certain charges imposed by third parties such as custodial fees and mutual fund fees and expenses. Client assets also can or will be subject to transaction fees, brokerage fees and commissions, retirement plan administration fees (if applicable), mutual fund deferred sales charges and 12b-1 fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. For investment in mutual funds and exchange trade fund ("ETFs"), Clients can be charged internal management fees, distribution fee and other expenses, which are described in each funds' prospectus.

Clients should understand that all custodial fees and any other charges, fees and commissions incurred in connection with transactions for a Client's account are generally paid out of the assets in the account and are in addition to the investment management fees charged by us. Clients should review the fees charged to their account(s) to fully understand the total amount of all fees charged. Clients should understand that lower fees for comparable services can be available from other investment advisory firms.

### **C. Compensation**

Mr. Barnes does not receive any special compensation for recommending the Wrap Program to clients who participate in the program other than the compensation received from the BWMG management fee charged as the owner of the Firm.

## **ITEM 5: ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

BWMG provides independent, objective advice regarding investments for individuals and high net-worth individuals. There is a no minimum required to open and maintain an investment advisory wrap account.

Clients of the Program can include individuals, IRAs and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), are not eligible for the Program.

A client that terminates its advisory agreement with BWMG must also close its Program account and instruct BWMG to either (i) liquidate the account assets or send the proceeds to the client or to an account specified by the client, or (ii) transfer the account assets to another account

BWMG can terminate a client from the Program for any reason, in BWMG's sole discretion. BWMG also can terminate a client from the Program if BWMG deems the client's requested investment restrictions to be unreasonable. Before terminating a client from the Program, BWMG will provide at least 30 days' notice. Depending on the reason for the termination, the client can have the opportunity to resolve the reason for their termination.

## **ITEM 6: PORTFOLIO MANAGER SELECTION AND EVALUATION**

### **A. Selection and Review of Portfolio Manager**

BWMG is the sponsor of the Wrap Program. Steven A. Barnes will manage client portfolios. He is the only portfolio manager at BWMG. There is no third-party review performed of the portfolio manager's performance.

### **B. Advisory Business**

BWMG is the sponsor of the Wrap Program. A "wrap-fee" program is one that provides the client with advisory and execution services for an inclusive fee. The client is not charged separate fees for the respective components of the total service. BWMG actively solicits advisory clients for the program.

Barnes Wealth Management Group is owned 100% by, Steven A. Barnes, Managing member, President and Principal.

### **C. Performance-Based fees and Side-by-Side Management**

BWMG does not charge performance-based fees (*i.e.*, fees calculated based on a share of capital gains on or capital appreciation of the client's assets or any portion of the client's assets). Consequently, BWMG does not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee (such as assets under management).

### **D. Methods of Analysis**

Generally, BWMG uses a variety of analytical information to assist with its security analysis. Such information can include fundamental and technical analysis. The primary sources of information used by BWMG include market news reports, financial publications, outside research reports, prospectuses, and interpretation of exchange market data.

### **E. Investment Strategies and Risk of Loss**

The investment strategies BWMG can pursue on behalf of clients can include long- and short-term purchases, trading, option writing including covered options, uncovered options or spreading strategies. BWMG can recommend, on occasion, redistributing investment allocations to diversify the portfolio in an effort to reduce risk and increase performance. BWMG can recommend specific investments to increase sector weighting and/or dividend potential, or can recommend employing cash positions as a possible hedge against market movement which can adversely affect a client's portfolio. Additionally, BWMG can recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position(s) in a client's portfolio, change in the risk tolerance of the client, or any risk deemed unacceptable for the client's risk tolerance.

#### ***Risk of Loss***

Investing in securities involves a significant risk of loss. BWMG's investment recommendations are subject to various markets, currency, economic, political and business risks, and such investment decisions can or will not always be profitable. Clients should be aware that there can be a loss or depreciation to the value of the client's account, which clients should be prepared to bear. There can be no assurance that the client's investment objectives will be obtained and no inference to the contrary should be made. Clients are advised that they should only commit assets for management that can be invested for the long term, that volatility from investing can occur, and that all investing is subject to risk and consequently, the value of the client's account can at any time be worth more or less than the amount invested.

Generally, the market value of stocks will fluctuate with market conditions, and small-stock prices generally will fluctuate more than large-stock prices. The market value of bonds will generally fluctuate inversely with interest rates and other market conditions prior to maturity and will equal par value at maturity. Interest rates for bonds can be fixed at the time of issuance, and payment of principal and interest can be guaranteed by the issuer and, in the case of U.S. Treasury obligations, backed by the full faith and credit of the U.S. Treasury. The market value of Treasury bonds will generally fluctuate more than Treasury bills, since Treasury bonds have longer maturities. Investments in overseas markets also pose special risks, including currency fluctuation and political risks, and it can be more volatile than that of a U.S. only investment. Such risks are generally intensified for investments in emerging markets. Small-cap stocks can be subject to a higher degree of risk than more established companies' securities. The illiquidity of the small-cap market can adversely affect the value of these investments. In addition, there is no assurance that a mutual fund, ETF or private funds will achieve its investment objective. Past performance of investments is no guarantee of future results.

#### **F. Voting Client Securities**

BWMG's policy and practice is to not vote proxies on behalf of its clients and therefore, shall have no obligation or authority to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in a client's account, unless the account is an ERISA account and such authority has not been delegated to another named fiduciary in the plan's written documents. Consequently, the client retains the responsibility for receiving and voting all proxies for securities held within the client's account. BWMG shall not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client.

BWMG typically does not advise or act for clients with respect to any legal matters, including bankruptcies and class actions, for the securities held in clients' accounts.

#### **ITEM 7: CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

Steven A. Barnes will manage client portfolios. At the time of the clients' initial investment in the Program, Mr. Barnes will assist the clients in determining the client's current financial situation, financial goals and objectives, and attitudes toward risk. This determination will allow Mr. Barnes to review the client's situation, and determine the appropriate selection of securities. Account supervision is guided by the stated objects of the client. At this time, Mr. Barnes is the sole portfolio manager of the Wrap Program.

#### **ITEM 8: CLIENT CONTACT WITH PORTFOLIO MANAGERS**

There are no restrictions placed on clients' ability to contact and consult with the portfolio manager, Steven A. Barnes.

## ITEM 9: ADDITIONAL INFORMATION

### A. Our Beneficial Interest in Schwab and TD Ameritrade's Services

The availability of these services from Schwab or TD Ameritrade, as applicable, benefits us because we do not have to produce or purchase them; we are not required to pay for Schwab or TD Ameritrade's services. These services are not contingent upon us committing any specific amount of business to Schwab or TD Ameritrade in trading commissions or assets in custody; however, when determining what services to offer to us, both Schwab and TD Ameritrade take into consideration the amount of client assets that we custody with them and trading volumes. We have an incentive to recommend that you maintain your account with Schwab or TD Ameritrade, based on our interest in receiving their services that benefit our business, rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab or TD Ameritrade, as a custodian and broker, is in the best interests of our clients. Our selection is primarily supported by the scope, quality and price of Schwab and TD Ameritrade's services (see "How We Select Brokers and Custodians") — not just services that only benefit us.

#### *Research and Other Soft Dollar Benefits*

BWMG does not receive soft dollars generated by the securities transactions of its clients. The term "soft dollars" refers to funds which are generated by client trades being used by the Firm to purchase products or services, such as research from or through broker-dealers whom BWMG engages to execute securities transactions.

#### *Selection Criteria*

BWMG generally places all transactions through Schwab and/or TD Ameritrade. BWMG periodically evaluates the commissions charged and the services provided by the custodian and compare those with other broker-dealers to evaluate whether overall best qualitative execution could be achieved by using alternative custodians.

#### *Best Execution*

BWMG will generally seek "best execution" in light of the circumstances involved in transactions. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the overall best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, net price, reputation, financial strength and stability, efficiency of execution and error resolution, the size of the transaction and the market for the security. BWMG will not obligate itself to obtain the lowest commission or best net price for an account on any particular transaction. Consistent with the foregoing, while BWMG will seek competitive rates, it can or will not necessarily obtain the

lowest possible commission rates for Client transactions. To ensure that brokerage firms selected by BWMG are conducting overall best qualitative execution, BWGM will periodically (and no less often than annually) evaluate the trading process and brokers utilized. This evaluation will include, but is not limited to price, commission, timing, research, aggregated trades, capable floor brokers or traders, competent block trading coverage, ability to position, capital strength and stability, reliable and accurate communications and settlement processing, use of automation, knowledge of other buyers or sellers and administrative ability.

### ***Order Aggregation***

Transactions for each client generally will be effected independently, unless BWMG decides to purchase or sell the same securities for several clients at approximately the same time. BWMG can (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among BWMG’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. The nature of the clients and/or trading activity on behalf of client accounts is such that trade aggregation does not garner any client benefit.

### ***Handling Trade Errors***

Errors created in a Client account must be corrected so as not to harm the client. The goal of error correction is to make the client whole, regardless of the cost to BWMG. The firm will not correct a trade error made in a client’s account by allocating the trade to a different account, unless that account was meant to receive the trade in the first place.

### ***Agency Cross and Principal Transactions***

BWMG’s 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. BWMG affects securities transactions as principal, buy securities from or sells securities to clients, acts as general partner in a partnership in which BWMG solicits client investments, or acts as an investment adviser to an investment company that BWMG recommends to clients.

## **B. Disciplinary History**

Registered investment advisers such as BWMG are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client’s or prospective client’s evaluation of BWMG or the integrity of its management. BWMG does not have any such legal or disciplinary events and thus has no information to disclose with respect to this Item.

### **C. Other Financial Industry Activities and Affiliations**

Steve Barnes and additional investment advisers are appointed as insurance agents with various insurance carriers. Please see Brochure Supplements for each for further information.

### **D. Code of Ethics**

BWMG has adopted a Code of Ethics (“Code”). The Code establishes standards of conduct for BWMG’s supervised persons and includes general requirements that such supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It contains written policies reasonably designed to prevent the unlawful use of material non-public information by BWMG or any of its associated persons.

Because BWMG’s personnel (called “Access Persons”) can transact in the same securities for their personal accounts as they can buy or sell for client accounts, it is important to mitigate potential conflicts of interest. To that end, BWMG has adopted personal securities transaction policies in the Code which all BWMG associated persons must follow. The Code requires that certain of BWMG’s personnel report their personal securities holdings and transactions and obtain pre-approval of certain investments, including initial public offerings and limited offerings. The Code also requires supervised persons to report any violations of the Code promptly to the Firm’s Chief Compliance Officer (“CCO”). Each supervised person receives a copy of the Code and any amendments to it and must acknowledge in writing having received the materials. Annually, each supervised person must certify that they have complied with the Code during that year. BWMG will provide a copy of its Code of Ethics to any client or prospective client upon request.

### **E. Participation or Interest in Client Transactions and Personal Trading**

Because the Code would permit associated persons of BWMG to invest in the same securities as clients, there is a possibility that the associated person could benefit from market activity by a client in a security held by that person. Employee trading is continually monitored under the Code, with an eye to reasonably prevent conflicts of interest between BWMG and its clients.

Based upon a client’s stated objectives, BWMG can, under certain circumstances, recommend the purchase or sale of securities in which BWMG or its affiliates have also invested in personally. Such recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client. Additionally, as part of BWMG’s fiduciary duty to clients, BWMG and its associated persons will endeavor at all times to put the interests of the clients first and at all times are required to adhere to the Firm’s Code of Ethics.

It is BWMG's policy not to enter into any principal transactions or agency cross transactions on behalf of client accounts. Principal transactions occur where an adviser, acting as principal for its own account, buys securities from or sells securities to any advisory client. Agency cross transactions occur where a person acts as an investment adviser in relation to a transaction in which the adviser, or an affiliate of the adviser, acts as broker for both the advisory client and for another person on the other side of the transaction.

## **F. Review of Accounts**

### ***Periodic Reviews***

While asset management accounts are monitored on an ongoing basis, BWMG's team undertakes reviews of client accounts not less than annually. Accounts are reviewed for consistency with the investment strategy and other parameters set forth for the account and to determine if any adjustments need to be made.

### ***Other Reviews and Triggering Factors***

In addition to the periodic reviews described above, reviews can be triggered by changes in an account holder's personal, tax or financial status. Other events that can trigger a review of an account are material changes in market conditions as well as macroeconomic and company-specific events. Clients are encouraged to notify BWMG and its advisory representatives of any changes in his/her personal financial situation that might affect his/her investment needs, objectives, or time horizon.

### ***Regular Reports***

Written brokerage statements are generated no less than quarterly and are sent directly from the account custodian. These reports list the account positions, activity in the account over the covered period, and other related information. Clients are also sent confirmations following each brokerage account transaction unless confirmations have been waived. In addition to the regular statements clients receive from their custodian, BWMG can on occasion send clients detailed reports concerning relevant account and/or market-related information as well as an inventory of account holdings and account performance, as agreed to with the client. Clients are urged to compare the statements received from BWMG to those received from the account custodian.

## **G. Client Referrals and Other Compensation**

BWMG does not received compensation for client referrals. In the future, BWMG can enter into agreements with individuals and organizations, some of whom can be affiliated or unaffiliated with BWMG, that refer clients to BWMG. All such agreements will be in writing

and comply with the requirements... If a client is introduced to BWMG by a solicitor, BWMG can pay that solicitor a fee in accordance state securities law requirements. While the specific terms of each agreement can differ, generally, the compensation will be based upon BWMG's engagement of new clients and the retention of those clients and is calculated using a varying percentage of the fees paid to BWMG by such clients. Any such fee shall be paid solely from BWMG's investment management fee, and shall not result in any additional charge to the client.

Each prospective client who is referred to BWMG under such an arrangement will receive a copy of BWMG's firm brochure and a separate written disclosure document disclosing the nature of the relationship between the third party solicitor and BWMG and the amount of compensation that will be paid by BWMG to the third party. The solicitor is required to obtain the client's signature acknowledging receipt of BWMG's disclosure brochure and the solicitor's written disclosure statement.

#### **H. Financial Information**

BWMG does not require or solicit prepayment of more than \$500.00 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. BWMG does not have any financial commitments that impair its ability to meet contractual and fiduciary obligations to clients, and has not been the subject of a bankruptcy proceeding.