



## **Baker Tilly Wealth Management, LLC**

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May 31, 2021

This Brochure provides information about the qualifications and business practices of Baker Tilly Wealth Management, LLC. If you have any questions about the contents of this Brochure, please contact us at 608-249-6622 or [Barb.Olson@bakertilly.com](mailto:Barb.Olson@bakertilly.com).

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. The use of the term "registered investment advisor" and description of our firm and/or associates as "registered" does not imply a certain level of skill or training. Clients are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise clients for more information on the qualifications of our firm and our employees.

Additional information about Baker Tilly Wealth Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our CRD number is 167811.

**Summary of Material Changes since last amendment dated March 15, 2021**

There have been no material changes since our last amendment.

As always, we strongly encourage you to review the entire Brochure and call us with any questions you might have.

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## Investment Advisory Business

Baker Tilly Wealth Management, LLC formerly known as Baker Tilly Financial, LLC ("Baker Tilly Wealth Management", "BT Wealth Management", "the Firm", "we" or "us"), is an investment adviser registered with the U.S. Securities and Exchange Commission ("SEC"). The Firm is a limited liability company formed under the laws of the State of Wisconsin in 2013. BT Wealth Management is a wholly owned subsidiary of Baker Tilly US, LLP ("Baker Tilly"), an accounting, advisory, tax and assurance firm. Baker Tilly is a partnership where no single partner owns more than 5% of the firm. In November 2020, BT Wealth Management acquired Squar Milner Financial Services, LLC, an SEC registered investment adviser. In December 2020, we combined with an affiliate Baker Tilly Investment Services, LLC which will continue to operate under the name Baker Tilly Investment Services, as a Division of BT Wealth Management ("BTIS").

## Services

### Investment Consulting

We offer a variety of standalone financial planning and consulting services ("Investment Consulting") to clients for the monitoring of financial resources based upon analysis of current situations, goals and objectives. These services may include one or more of the following:

- Cash flow management.
- Investment recommendations for non-managed assets.
- Retirement planning.
- Insurance needs analysis.
- Education planning.
- Estate planning.
- Tax planning (not including tax preparation and filing).
- Investment manager monitoring and oversight; and
- Divorce planning.

Written financial plans or consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. Implementation of the recommendations are at the discretion of the client. Consultations are not typically accompanied by a written summary of observations and recommendations, as the process is less formal than the planning service. Clients may retain us to provide Investment Consulting services on a one-time basis or on a continuous basis. For on-going services, with the clients' cooperation, BT Wealth Management's investment advisor representatives ("IARs") attempt to meet with clients no less than annually to monitor their risk profiles and investment objectives, updating the financial guidance as needed to account for any changes. Meetings may occur in-person or remotely by telephone, video conference or webinar. If clients choose not to meet with their IAR, financial guidance will be provided based on information received during prior meetings and account documentation.

We provide Investment Consulting for clients with varying needs and circumstances, which may differ from, or contradict, the investment consulting our IARs may follow in the management of their own assets or with respect to other clients.

Our firm is not an accounting firm or law firm, and no portion of our services should be construed as legal or accounting services. We may recommend the services of other professionals for implementation of our recommendations (e.g., attorneys, accountants...). We may also recommend our affiliated accounting firm, Baker Tilly US, LLP, or Baker Tilly Capital, LLC, an SEC registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA"). Clients and prospective clients should review Item 10 below for additional information about these relationships. A client is under no obligation to engage the services of any recommended professional and is free to accept or reject any recommendation from us or our IARs.

### **Private Wealth Portfolio Management Services**

The Firm also offers ongoing portfolio management services based on the individual goals, investment objectives, time horizon, and risk tolerance of each client. We typically create an Investment Policy Statement ("IPS") for each client, which outlines the client's current profile (income, tax levels, risk tolerance and personal investment policies or restrictions) and then our IARs construct a plan to aid in the selection of a portfolio that matches each client's specific situation. Portfolio management services include, but are not limited to, the following:

- Investment strategy.
- Asset allocation.
- Asset selection; and
- Portfolio monitoring.

We evaluate the current portfolio of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are typically documented in the IPS, which is provided to each client at the beginning of the relationship and when amended.

We will request discretionary authority from clients to select securities and execute transactions without permission from the client prior to each transaction. In certain instances, we may agree to manage a client's account on a non-discretionary basis, which means that we cannot affect any account transactions without obtaining the client's prior consent. If we recommend making a transaction for a client's account and the client is unavailable, we will not be able to place the transaction in the client's account.

The Firm seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its clients and without consideration of its or the IAR's own economic, investment or other financial interests. To meet its fiduciary obligations, we attempt to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, our policy is to seek fair and equitable allocation of investment opportunities among its clients to avoid favoring one client over another over time. It is our policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time. We will not maintain possession or custody of the funds or securities of any client. Client funds will typically be deposited in either a brokerage firm or bank custodian account. With client consent, our fees are paid out of the client accounts by the custodian.

### **Use of Sub-Advisors**

BT Wealth Management may utilize the services of third-party investment managers to manage all or a portion of the client's assets. Where third party managers are used, the third-party manager will be responsible for portfolio management decisions and trading of securities. Prior to recommending a third-party manager, we conduct due diligence on any third-party manager, which can involve one or more of the following: phone calls, meetings and review of the third-party manager's performance, investment strategies, regulatory filings, and any disciplinary actions. To assist in the selection of a third-party manager, we will gather client information pertaining to financial situation, investment objectives, and reasonable restrictions to be imposed upon the management of the account. We then allocate investments with a third-party investment manager. These investments can be allocated either through the third-party manager's fund or investment vehicle or through a separately managed account managed by such third-party manager on behalf of our clients. BT Wealth Management can also allocate client assets among one or more private equity funds or private equity fund advisers. We will periodically review ongoing performance of the third-party manager as a portion of the client's portfolio. Clients will be expected to notify us of any changes in their financial situation, investment objectives, or account restrictions that could affect their financial standing.

### **Pension Consulting Services**

We also provide the following services to retirement plan accounts governed by The Employee Retirement Income Security Act of 1974 ("ERISA"):

*ERISA Section 3(38) Plan Investment Management Services:* We serve as a fiduciary as that term is defined under ERISA. We provide discretionary investment management services at the retirement plan level as described below.

- (a) We will review the plan's Investment Policy Statement ("IPS"), if requested.
- (b) For a participant-directed individual account plan, the IPS will set forth the number of general investment options and asset class categories to be offered to plan participants with a goal of providing a menu of investments that will allow for the creation of well-diversified portfolios designed to provide for long-term appreciation and capital preservation through a mix of equity and fixed income exposures.
- (c) Once the client approves the IPS, we will review the investment options available through the plan and will notify the plan's recordkeeper as to our instructions to add, remove and/or replace specific "core" investment options to be offered to plan participants that meet the criteria set forth in the IPS. We will monitor the core investment options and, on a regular basis, provide reports to client and instructions to the plan's recordkeeper to remove and/or replace investments that no longer meet the IPS criteria.
- (d) We will retain final decision-making authority with respect to removing and/or replacing investments in the core lineup, and the client will not have any further responsibility to communicate instructions to any third-party, including the plan's recordkeeper, custodian and/or third-party administrator.
- (e) We will monitor investments in the plan's accounts with its custodian and shall recommend changes to investment selections as we deem appropriate.

*Non-Fiduciary Services:* BT Wealth Management may also perform one or more of the non-fiduciary services for retirement plans and its participants described below if requested by the client:

- (a) We will meet with representatives of the client, at intervals mutually acceptable to the client and us, to discuss investment performance.
- (b) We will provide the client with a quarterly reporting regarding:
  - a. Performance of each investment selected for client's plan; and
  - b. Performance against one or more comparative benchmarks.
- (c) We will assist the client with selection of any plan service providers, but the client shall be ultimately responsible for selecting other plan service providers.
- (d) We will contact the client at least annually to determine if there have been any changes in the client's financial situation or investment objectives, and will remind the client periodically, in writing that the client should inform us if there have been (or are anticipated to be) any such changes.
- (e) We will conduct informational/educational group meetings with plan participants at initial installation of the plan, and periodically thereafter in the scope and frequency mutually agreed upon between the client and us regarding:
  - a. General investment concepts; and
  - b. General information regarding objectives and performance of investments available within the plan.

BT Wealth Management's assistance in participant investment education shall be consistent with and within the scope of the definition of investment education found in Department of Labor Interpretive Bulletin 96-1.

Upon request, we may also provide investment advisory services to a client regarding their employer sponsored retirement plan. In this case, we will recommend that the client allocate their plan assets among the investment options available on the retirement plan platform. Our advice is limited based on investment alternatives available through the plan. In these instances, the client is exclusively responsible for notifying us of any changes to the plan's features, including its investment alternatives and restrictions.

### Services Limited to Specific Types of Investments

The Firm generally limits its investment advice in the private wealth area to individual stocks, bonds, mutual funds, real estate funds (including REITs), options, hedge funds, private equity funds, ETFs, venture capital funds, private placements, or insurance products. We may use other securities as well to help diversify a portfolio when appropriate and in accordance with the client's investment objectives and risk tolerance.

Clients should understand that the implementation of an alternative investment strategy is subject to several risks and is not suitable for all investors. Alternative investments are generally classified as an investment other than a traditional common or preferred stock, bond, certificate of deposit, mutual fund, unit investment trust or exchange traded fund ("ETF"). Alternative investments include hedge funds, private equity funds, venture capital funds, private real estate funds and other private investments. Investing in alternative investments is only intended for experienced and sophisticated investors who are willing and able to bear the economic risk associated with such an investment. By themselves, alternative investments do not constitute a balanced investment program.

Alternative investments, including hedge funds, private equity funds, real estate funds, interval funds and venture capital funds: (1) involve a high degree of risk, (2) often engage in leveraging and other speculative investment practices that may increase the risk of investment loss, (3) can be highly illiquid with extended lock up periods where the investments may not be sold, (4) may lack a secondary market to allow for the purchase of investments that investors care to redeem, (5) are not required to provide periodic pricing or valuation information to investors, (6) may involve complex tax structures and delays in distributing important tax information, (7) are not subject to the same regulatory requirements as publicly traded securities, (8) often charge high fees which may offset any profits, and (9) in many cases execute transactions which are not readily transparent and are known only to the investment manager. The performance of alternative investments can be volatile. An investor could lose all or a substantial amount of his or her investment. Often alternative investment managers have total trading authority over their funds or accounts.

### Retirement Rollovers

A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If our firm recommends that a client roll over their retirement plan assets into an account to be managed by us, this recommendation creates a conflict of interest if we will earn additional compensation as a result. No client is under any obligation to roll over retirement plan assets to an account managed by us.

### Account Aggregation

We provide certain clients with access to account aggregation resources, which allows them to review all of their investments, including those that are not subject to our investment advisory services (the "Excluded Assets"). Specifically, we do not have trading authority or provide investment management services for any Excluded Assets. Therefore, the client is responsible for implementing any recommendations that we may provide for any Excluded Assets and the ultimate performance of those recommendations. Without limitation, we will not be responsible for any implementation errors or trade errors with respect to the Excluded Assets. From time to time, we may agree to manage Excluded Assets, in which case, they will no longer be deemed Excluded Assets.

### **Baker Tilly Investment Services, as a Division of BTF ("BTIS")**

BTIS offers discretionary and non-discretionary investment supervisory services to government entities. We provide investment advice with the purpose of helping clients create and maintain a disciplined approach to investing funds prudently and effectively. When acting with discretionary authority granted by the client in the advisory agreement we purchase and sell securities of our choice in the amounts and at the times we believe suitable for a client's account to do so in accordance with the client's investment policy statement without obtaining prior client approval for each transaction, if the client chooses non-discretion, we consult with the client for their approval prior to each transaction.

We can also assist clients in the analysis of cash flows for bond issue proceeds and operating accounts, market analysis to determine the appropriate time horizon for investments, consultation on investment policies and procedures, portfolio analysis and design and competitive solicitation for investment managers.

We may from time to time, engage third party assistance in interfacing with the client. Any such third party will be compensated solely from within the fees charged by us and will not be permitted in any way to participate directly or indirectly as a bidder to provide investment services.

The types of investments that are suitable for each client are usually defined by either a trust indenture or by state public funds law. The types of investments that our government entity clients can utilize include, but are not limited to, U.S. Treasuries, government agency and government sponsored enterprise securities (FNMA, GNMA, FHLMC, FHLB, etc.) state and municipal securities, highly rated commercial paper, AAA-rated money market funds, state approved local government investment pools and bank deposit products, such as certificate of deposit and CDARS. A client may also impose its own restrictions on investments in certain securities or types of securities.

#### Advisory Agreements

At the onset of the client relationship, we gather information on each client's investment objectives, risk tolerance, time horizons and financial goals. We do not assume responsibility for the accuracy of the information provided by the client and are not obligated to verify any information received from the client or from any of the client's other professional advisers (e.g., attorney, accountant, etc.). Under all circumstances, clients are responsible for promptly notifying us in writing of any material changes to their objectives, risk tolerance, time horizon, financial goals, financial condition, applicable law, or regulation. If a client notifies us of any changes, we will review such changes and implement any necessary revisions to the client's IPS and portfolio.

Each client is required to enter into a written agreement with BT Wealth Management setting forth the terms and conditions under which we shall render services (the "Agreement"). In accordance with applicable laws and regulations, we will provide our Brochure (this Form ADV Part 2A), Customer Relationship Summary (Form CRS), Brochure Supplement (Form ADV Part 2B) and most recent Privacy Notice to each client prior to or contemporaneously with the execution of the Agreement. The Agreement between BT Wealth Management and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. Our fees (as discussed below) shall be prorated through the date of termination and any remaining balance shall be charged or refunded to the client, as appropriate, in a timely manner.

Neither BT Wealth Management nor the client may assign the Agreement without the consent of the other party.

As further discussed in Item 15, a client's assets will be custodied with a qualified custodian. All custodial and execution fees assessed for client's assets remain the sole responsibility of the client.

#### Wrap Programs

BT Wealth Management does not participate in any wrap programs.

#### Regulatory Assets Under Management

As of May 31, 2021, the following represents the amount of client assets under management by us on a discretionary and non-discretionary basis.

Type of Account	Assets Under Management
Discretionary	\$1,243,182,938
Non-discretionary	\$1,172,383,360
Total:	\$2,415,566,298



## Fees and Compensation

### Investment Consulting Fees

Fees for Investment Consulting will vary based on the size and complexity of the assets under review or proposed project. The fees assessed will be set through arms-length negotiations between BT Wealth Management and the client and memorialized and acknowledged by the client in the Agreement, thus will differ from client to client. The fees for Investment Consulting may be waived at the discretion of BT Wealth Management if other services are being provided to a client. We typically charge fees on an asset-based, hourly or fixed fee basis.

**FIXED FEES:** The negotiated fixed rate is estimated based on the time, size and complexity of the project or services to be performed. Fixed fees are then billed quarterly in advance if on-going or upon completion of the project. Upon termination or completion of the project, any pre-paid unearned fees will be prorated to the date of termination or completion and returned to the client.

**HOURLY FEES:** Hourly fees may vary and will be based on the time, size and complexity of the project or services to be performed. Hourly fees are billed in arrears on a quarterly basis if on-going or upon completion of the project. In the event of termination, fees will be calculated and billed based on work performed up to the date notice of termination was received.

Hourly and Fixed Fees are typically paid by the client via check or wire.

**ASSET BASED FEES:** An asset-based fee structure is also available. BT Wealth Management provides investment consulting services to clients for a fee based upon a percentage of assets under advisement as set forth in the table below. The fee is calculated based on the value of the account(s) under advisement as of the first business day of the calendar quarter. Consulting fees are billed quarterly, in advance. Should a client open or add an account to the investment consulting service during a quarter, our consulting fee will be prorated based on the number of days the account was open during the quarter. In the event our services are terminated mid-quarter, any pre-paid, unearned fees will be promptly refunded to the client. The number of days the account was under advisement during the quarter until termination is used to determine the percentage of the management fee earned (based on total number of days in the quarter) and the balance, if the fee was paid in advance, it is refunded.

We generally do not make any adjustments for additions to or withdrawals from an account that occur during a quarter. Unless we expressly agree otherwise in writing, account assets consisting of cash and cash equivalents are included in the value of an account when our firm calculates our advisory fee.

Generally, asset-based consulting fees will be automatically deducted from a client's account by the custodian as soon as practicable following the end of each applicable period, with the client's prior permission. The client will receive a report from the account's custodian showing the fee amounts debited. We will direct the liquidation of money market shares to pay the fee and, if money market shares or cash are not available in the client's account, other investments will be liquidated. Authorization for the deduction of fees from the account is contained in the Agreement. The client may terminate the authorization for automatic deduction at any time by notifying us in writing.

If requested by a client, we can, in our sole discretion, invoice a client directly for fees as opposed to the custodian debiting the client's account. In such cases, invoices are due and payable upon receipt. Our typical asset-based fee schedule for investment consulting services follows:

<b>Client Assets Under Advisement</b>	<b>Portfolio Management</b>
\$0-\$2,000,000	1.00%
\$2,000,001 - \$5,000,000	0.85%
\$5,000,001 - \$10,000,000	0.65%
Over \$10,000,000	0.55%

BT Wealth Management can amend its fee schedule at any time by giving thirty days' advanced written notice to the client. Should a client have more than one account under advisement, then we can elect at our sole discretion to aggregate client accounts for the purpose of computing investment consulting fees. Although we believe our investment consulting fees are competitive, clients should be aware that lower fees for comparable services may be available from other sources.

### **Portfolio Management Fees**

BT Wealth Management provides portfolio management services to clients for a fee based upon a percentage of assets under management as of the close of business on the last business day of the preceding calendar quarter. Our portfolio management fees are calculated and assessed quarterly, typically in advance, based upon an annual percentage, as described below. Should a client open an account during a quarter, our management fee will be prorated based on the number of days the account was open during the quarter. In the event our services are terminated mid-quarter, any pre-paid, unearned fees will be promptly refunded to the client. The number of days the account was managed during the quarter until termination is used to determine the percentage of the management fee earned (based on total number of days in the quarter) and the balance, if the fee was paid in advance, is refunded.

We generally do not make any adjustments for additions to or withdrawals from an account that occur during a quarter. Unless we expressly agree otherwise in writing, account assets consisting of cash and cash equivalents are included in the value of an account when our firm calculates our advisory fee.

Generally, portfolio management fees will be automatically deducted from a client's account by the custodian as soon as practicable following the end of each applicable period, with the client's prior permission. The client will receive a report from the account's custodian showing the fee amounts debited. We will direct the liquidation of money market shares to pay the fee and, if money market shares or cash are not available in the client's account, other investments will be liquidated. Authorization for the deduction of fees from the managed account is contained in the Agreement. The client may terminate the authorization for automatic deduction at any time by notifying us in writing.

If requested by a client, we can, in our sole discretion, invoice client directly for fees as opposed to the custodian debiting the client's account. In such cases, invoices are due and payable upon receipt.

Fees are negotiable and subject to various objective and subjective factors, which include the amount of assets placed under management, the complexity of the engagement, and the anticipated services to be provided. As a result, arrangements with any particular client can differ. Each client's fee schedule will be outlined in its Agreement. The maximum annual fee for this service charged by BT Wealth Management will not exceed 1.50%. Each IAR is able to negotiate the portfolio management fee, although some choose to use the following fee schedule:

<b>Client Assets Under Management</b>	<b>Portfolio Management</b>
\$0-\$2,000,000	1.00%
\$2,000,001 - \$5,000,000	0.85%
\$5,000,001 - \$10,000,000	0.65%
Over \$10,000,000	0.55%

Any fees negotiated outside of this schedule will be disclosed in the Agreement. Any third-party managers used in the management of a client's portfolio are charged in addition to BT Wealth Management's fee. In addition, for partners of the Firm's parent company, as well as family and friends of the Firm, we can, in our sole discretion, reduce or waive portfolio management fees in their entirety.

BT Wealth Management can amend its fee schedule at any time by giving thirty days' advanced written notice to the client. Should a client have more than one account managed by us, then we can elect at our sole discretion to aggregate client accounts for the purpose of computing investment management fees. Although we believe our portfolio management fees are competitive, clients should be aware that lower fees for comparable services may be available from other sources.

#### **Sub Advisory Fees**

The fee schedule provided above and titled "Portfolio Management Fees" does not include the fees of any designated sub-adviser. Clients are encouraged to review the individual sub adviser's Form ADV Part 2A for the sub adviser's fee schedule. The payment of a sub advisory fee does not reduce, or offset investment consulting portfolio management fees charged by our Firm.

#### **Pension Consulting Fees**

Fees may vary and will typically be assessed in one of the following manners:

##### **ASSET BASED FEES FOR PENSION CONSULTING**

<b>Total Assets Under Pension Consulting</b>	<b>Annual Fee</b>
0-\$200,000	\$1,500
\$200,001 - \$1,000,000	0.75%
\$1,000,001 - \$3,000,000	0.65%
\$3,000,001 - \$5,000,000	0.55%
\$5,000,001 - \$10,000,000	0.45%
\$10,000,001 - \$15,000,000	0.35%
Over \$15,000,000	Negotiable

We typically provide pension consulting services to clients for a fee based upon a percentage of assets under consulting as of the close of business on the last business day of the preceding calendar quarter. Our pension consulting fees are calculated and assessed quarterly, in arrears, based upon the above listed annual percentages. Our minimum pension consulting fee is \$1,500.

Pension consulting fees typically will be automatically deducted from the client's account by the custodian as soon as practicable following the end of each applicable period. If requested by the client, we can, in our sole discretion, invoice client directly for fees as opposed to debiting client's account. In such cases, invoices are due and payable upon receipt.

Should a client open an account during a quarter, our pension consulting fee will be prorated based on the number of days the account was open during the quarter. In the event our services are terminated mid-quarter, fees will be prorated based on the number of days the account was under consultation during the quarter until termination to determine the percentage of the pension consulting fee due.

Fees are negotiable and arrangements with any particular client can differ from those described above. There is a minimum fee for accounts with assets under \$200,000 of \$1,500. BT Wealth Management can amend its standard fee schedule at any time by giving thirty days advance written notice to clients. Although we believe our fees are competitive, clients should be aware that lower fees for comparable services may be available from other sources.

#### **FIXED FEES FOR PENSION CONSULTING**

The rate for creating client pension consulting plans range between \$500 and \$100,000 based upon the size and complexity of the pension plan. The final fee schedule is agreed upon and attached as an exhibit to the pension consulting agreement. This service can be canceled with thirty days' advance written notice.

#### **HOURLY FEES FOR PENSION CONSULTING**

The hourly fee for pension consulting services ranges between \$125 and \$600 per hour. The final fee schedule is agreed upon and attached as an exhibit to the pension consulting agreement.

#### **Other Fees and Expenses**

Clients should understand that the service fees described above do not include certain charges imposed by third parties such as custodial fees, charges imposed directly by a mutual fund or ETF within the account, which are disclosed in the fund's or ETF's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Clients also incur additional fees with respect to the purchase of any alternative investments which are often greater than fees charged by mutual funds and ETFs. Additionally, clients can incur brokerage commissions and transaction fees on portfolio securities purchase and sales. Clients should further understand that such charges, fees and commissions incurred in connection with transactions for a client's account will be paid out of the assets in the account and are exclusive of and in addition to the fees charged by the Firm.

#### **BTIS Fees and Compensation**

We typically charge government entity clients between 10 and 15 basis points annually on the average monthly cost basis balance of all assets for BTIS' services. The fee is negotiable and fixed fees may be incorporated into the fee structure on a per engagement basis. Fees are billed quarterly on a calendar basis for the preceding period. Engagements under this fee structure may be terminated at any time and a final fee will be charged through the date of termination. Clients may be required to pay custodian fees in cases where a custodial account is established, and fees and expenses related to the portion of funds held in a money market fund. Clients may also incur brokerage and other transaction costs.

Investment supervisory service fees may be automatically deducted from a client's account by the account custodian as soon as practicable following the end of each applicable period, as authorized by the client in the services agreement. The client will receive a report from the account's custodian showing the fee amounts debited. We will liquidate money market shares to pay the fee and, if money market shares or cash value are not available, other investments will be liquidated. The client may terminate the authorization for automatic deduction of fees at any time by notifying us in writing. If requested by client, we can, in our sole discretion, invoice client directly for fees as opposed to debiting client's account. In such cases, invoices are due and payable upon receipt. We may also charge an hourly consultation fee for certain BTIS services using the following schedule:

Partners/Principals	\$240 to \$550 per hour
Managers	\$200 to \$325 per hour

Senior Consultants	\$150 to \$250 per hour
Consultants	\$135 to \$200 per hour
Support Personnel	\$110 to \$150 per hour

Hourly fees will be quoted prior to the execution of the engagement. The fee for consulting services will be determined according to the complexity of the engagement and the areas to be addressed. A quote of the estimated time involved will be given upon signing of the engagement. Fees are paid upon completion of the project unless otherwise agreed upon between us and the client. Engagements under this fee structure may be terminated by either party upon thirty days' written notice. Upon termination, we will bill the client for the amount of work completed up to the notice of termination.

Form ADV Part 2A, Item 6

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

BT Wealth Management does not charge performance-based fees (i.e., fees calculated based on a share of capital gains upon or capital appreciation of funds or any portion of the funds of an advisory client). Consequently, we do 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). As described above, we provide advisory services for a percentage of assets under management, in accordance with applicable laws.

Form ADV Part 2A, Item 7

### **Types of Clients**

BT Wealth Management provides investment consulting and portfolio management to individuals, high net worth individuals, corporations or business entities, and pension and profit-sharing plans. In addition, BTIS, a division of BT Wealth Management, provides investment supervisory services to governmental units including cities, towns, counties, utilities, schools, libraries, and other municipal entities. Client assets include bond proceeds and operating funds.

We do not impose requirements for opening and maintaining accounts or otherwise engaging us, however, we do charge a minimum fee of \$1,500 for written financial plans and pension consulting services.

Form ADV Part 2A, Item 8

### **Methods of Analysis, Investment Strategies, Types of Investments and Risk of Loss**

#### **METHODS OF ANALYSIS**

The Firm's methods of analysis include:

Modern Portfolio Theory: Modern portfolio theory is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various assets.

Charting: In this type of technical analysis, we review charts of market and security activity, in an attempt to identify when the market is moving up or down and to predict when or how long the trend may last when that trend might reverse.

Cyclical Analysis: In this type of technical analysis, we measure the movements of a particular stock against the overall market, in an attempt, to predict the price movement of the security.

Fundamental Analysis: We attempt to measure the intrinsic value of security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis: We analyze past market movements and apply that analysis to the present, in an attempt, to recognize recurring patterns of investor behavior, market volatility and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly managed or financially unsound company may underperform regardless of market movement.

Our main sources of information include, but are not limited to, financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, and public filings.

Neither BT Wealth Management, nor any third-party managers we may enlist to manage a client's portfolio, guarantee the results of the advice given, securities recommended, or investments made. Thus, significant losses can occur by investing in any security, or by following any investment advice or strategy, including those recommended or applied by us.

#### Methods of Analysis Specific to BTIS:

BITS discusses the importance of risk with its governmental clients and review eligible investments that might be considered for their portfolios. Then, we develop an understanding of our client's cash flows for the money being invested. Whether we are assisting with the investment of operating funds or construction funds, having adequate liquidity to meet our client's expenditure requirements is a key consideration in providing advice.

Once investment types have been agreed upon and we have an understanding, of expected cash flows, we then look to the yield curve to determine the optimal strategies. Most clients require maturities of less than two years, but may invest greater than two years, but less than five years under certain conditions, so we analyze the yield curve in that range before making a recommendation.

#### INVESTMENT STRATEGIES WE USE

We may use one or more of the following strategies in managing client accounts as part of investment consulting and portfolio management services to non-governmental clients, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-Term Purchases: When utilizing this strategy, we may purchase securities with the idea of holding them for a relatively long time (typically held for at least a year). A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell. Typically, we employ this sub-strategy when we believe the securities to be undervalued; and/or we want exposure to a particular asset class over time, regardless of the current projection for this class. The potential risks associated with this investment strategy involve a lower-than-expected return for many years in a row. Lower-than-expected returns that last for a long time and/or that are severe in nature would have the impact of dramatically lowering the ending value of your portfolio, and thus could significantly threaten your ability to meet financial goals.

Short-Term Purchases: When utilizing this strategy, we may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase. The potential risk associated with this investment strategy is associated with the currency or exchange rate.

Currency or exchange rate risk is a form of risk that arises from the change in price of one currency against another. The constant fluctuations in the foreign currency in which an investment is denominated vis-à-vis one's home currency may add risk to the value of a security. Currency risk is greater for shorter term investments, which do not have time to level off like longer term foreign investments.

Trading: We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings. Trading involves risk that may not be suitable for every investor and may involve a high volume of trading activity. Each trade generates a commission and the total daily commission on such a high volume of trading activity can be considerable. Active trading accounts should be considered speculative in nature with the objective being to generate short-term profits. This activity may result in the loss of more than 100% of an investment.

Short Sales: We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit. The two primary risks associated with "short selling" are: 1) over the long term, markets have an upward bias in terms of trend and 2) "short selling" can expose an investor to potentially, unlimited risk. Due to the "upside gap", sellers risk not being able to react until after a significant loss has already been incurred.

Margin Transactions: We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash and allows us to purchase stock without selling other holdings. Margin accounts and transactions are risky and not necessarily for every client. The potential risks associated with these transactions are (1) you can lose more funds than are deposited into the margin account; (2) it can cause the force sale of securities or other assets in your account; (3) it can cause the sale of securities or other assets without contacting you; and (4) you may not be entitled to choose which securities or other assets in your account(s) are liquidated or sold to meet a margin call.

Options: An option is a financial derivative that represents a contract sold by one party (the option writer) to another party (the option holder). The contract offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security or other financial asset at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date). Options are extremely versatile securities. Traders use options to speculate, which is a relatively risky practice, while hedgers use options to reduce the risk of holding an asset.

*Call Option:* Call options give the option to buy at a certain price, so the buyer would want the stock to go up. Conversely, the option writer needs to provide the underlying shares in the event that, the stock's market price exceeds the strike price due to the contractual obligation. An option writer who sells a call option believes that the underlying stock's price will drop relative to the option's strike price during the life of the option, as that is how he will reap maximum profit. This is exactly the opposite outlook of the option buyer. The buyer believes that the underlying stock will rise; if this happens, the buyer will be able to acquire the stock for a lower price and then sell it for a profit. However, if the underlying stock does not close above the strike price on the expiration date, the option buyer would lose the premium paid for the call option.

*Put Option:* Put options give the option to sell at a certain price, so the buyer would want the stock to go down. The opposite is true for put option writers. For example, a put option buyer is bearish on the underlying stock and believes its market price will fall below the specified strike price on or before a specified date. On the other hand, an option writer who shorts a put option believes the underlying stock's price will increase about a specified price on or before the expiration date. If the underlying stock's price closes above the specified strike price on the expiration date, the put option writer's maximum profit is achieved. Conversely, a put option holder would only benefit from a fall in the underlying stock's price below the strike price. If the underlying stock's price falls below the strike price, the put option writer is obligated to purchase shares of the underlying stock at the strike price.

The potential risks associated with these transactions are that (1) all options expire. The closer the option gets to expiration, the quicker the premium in the option deteriorates; and (2) prices can move very quickly. Depending on factors such as time until expiration and the relationship of the stock price to the option's strike price, small movements in a stock can translate into big movements in the underlying options.

#### BTIS Strategies for Governmental Clients

Traditional Laddered Approach: We use this approach when the yield curve is upward sloping. Here, we recommend matching securities with the expected cash flow schedule keeping in mind liquidity needs. In this approach, investments will mature in amounts greater than the cash flow estimates to reduce the need to sell a security before it matures.

Modified Laddered Approach: This approach is used when the yield curve is downward sloping or humped. In the case of a downward sloping yield curve, our approach would be to recommend investing larger maturities in the short end of the yield curve. In the case of a humped yield curve, our approach would be to recommend matching maturity amounts to cash flows for the part of the yield curve that is upward sloping, and then invest larger amounts at the top of the yield curve.

Core Balance Approach: This approach is used for clients with core operating fund balances that can be invested two years or longer. We initially recommend structuring investments to mature at regular intervals up to two years or longer. As investments mature, the proceeds are reinvested in longer term investments, with the goal of eventually having all investments effectively earning longer term interest rates, while also providing liquidity with regular maturities.

In certain circumstances we also recommend investment agreements, guaranteed investment contracts, flexible repurchase agreements and forward delivery agreements. The providers of these agreements are well capitalized financial institutions, including banks, primary dealers, credit corporations and insurance companies. The Providers (or the "Provider's" guarantor) that the company recommends are typically rated in the top three rating categories of S&P, Moody's, or other nationally recognized rating agencies. The Providers also must qualify under the requirements of any applicable bond resolution or indenture, state statute or internal investment policy.

Investment Agreement: These are contracts with financial institutions. They may pay a fixed or a floating rate and have a stated maturity date. The client can access money in the account as noted in the contract and contract terms can be customized.

Guaranteed Investment Contract: The insurance industry has a product called a "Guaranteed Investment Contract" ("GIC"). It is similar to its "Group Annuity Contract" except it is used for non-qualified funds. A GIC has the same characteristics as an Investment Agreement as described above.

Flexible Repurchase Agreement: A Flexible Repurchase Agreement has the same characteristics as an Investment Agreement except that they are written by primary dealers, banks, or other qualifying financial institutions or corporations, and the contract provides for the purchase and sale of securities as collateral for the amount of the investment. The collateral is held by a trustee or third party on behalf of the client.

Forward Delivery Agreement: An agreement that delivers securities (typically U.S. Treasuries or agencies) that mature on a schedule to match cash flow needs.

Interest Rate Swaps: We also serve as an adviser to clients on interest rate swaps. We do not act as principal in any swap transaction.

#### **RISK OF LOSS**

Investing in securities involves a significant risk of loss which clients should be prepared to bear. Our investment recommendations are subject to various market, currency, economic, political, and business risks, and such investment decisions perhaps 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. There can be no assurance that the client's investment objectives will be obtained and no inference to the contrary should be made.

Past performance is not indicative of future results. Therefore, clients 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 can be varying degrees of risk. Because of the inherent risk of loss associated with investing, we cannot 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.

The market value of fixed income securities will generally fluctuate inversely with interest rates and other market conditions prior to maturity. Fixed income securities are obligations of the issuer to make payments of principal and/or interest on future dates, and include, among other securities: bonds, notes and debentures issued by corporations; debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities, or by a non-U.S. government or one of its agencies or instrumentalities; municipal securities; and mortgage-backed and asset-backed securities. These securities can pay fixed, variable, or floating rates of interest, and can include zero coupon obligations and inflation-linked fixed income securities. The value of longer duration fixed income securities will generally fluctuate more than shorter duration fixed income securities.

There are certain additional risks associated with the securities recommended and strategies utilized by us, including, but not limited to:

- **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.
- **Non-Diversification Risk** – The risk of focusing investments in a small number of issuers, industries or foreign currencies, including being more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be.
- **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 a client held common stock, or common stock equivalents, of any given issuer, the client would generally be exposed to greater risk than if client held preferred stocks and debt obligations of the issuer.
- **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.
- **Credit Risk** – Issuers may not make interest or principal payments on securities, resulting in losses to a client. In addition, the credit quality of securities held by a client may be lowered if an issuer's financial condition changes, including the U.S. government.
- **Interest Rate Risk** – The chance that prices of fixed income securities will decline because of rising interest rates. Similarly, the income from fixed income securities can decline because of falling interest rates.
- **Reinvestment Risk** – The risk that interest and principal payments from a bond will be reinvested at a lower yield than that received on the original bond. During periods of declining interest rates, bond payments can be invested at lower rates; during periods of rising rates, bond payments can be invested at higher rates.
- **Liquidity Risk** – The risk that a given security cannot be converted into cash if needed.
- **ETF and Mutual Fund Risk** – When investing in an ETF or mutual fund, client will bear additional expenses based on your prorated share of the ETF's or mutual funds' 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. Client will also incur brokerage costs when purchasing ETFs.
- **Management Risk** – Client's investment with BT Wealth Management 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.

- **Market Disruption, Health Crisis, Terrorism and Geopolitical Risk** – A client is subject to the risk that war, terrorism, global health crisis or other similar pandemics, and other geopolitical events may lead to increased short-term market volatility and have adverse long-term effects on world economics and markets generally, as well as adverse effects on issuers of securities and the value of a client's investments. War, terrorism, and related geopolitical events, as well as global health crisis and similar pandemics have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on world economic, political and health conditions. They also could adversely affect individuals, issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment and other factors affecting the value of client's investments. At such time, a client's exposure to a number of other risks described elsewhere in this section can increase.
- **Opportunity Cost** – The risk that an investor can forego profits or returns from other investments.
- **Emerging Market Risk** – Emerging market countries may have relatively unstable governments, weaker economies and less-developed legal systems with fewer security holder rights. Emerging markets may be based on only a few industries and security issuers may be more susceptible to economic weakness and more likely to default. Emerging market securities also tend to be less liquid.
- **Passive Investing Risk** – We review accounts on a periodic basis. We may not take any action following a review or for extended periods. We will continue to charge Portfolio Management Fees for our services performed regardless of the trading activity in a client's account. Clients are responsible for determining whether to continue to retain our services.
- **Cash Balances** – We generally invest client cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve an acceptable return on client cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that we may debit advisory fees related to our Portfolio Management service.

Form ADV Part 2A, Item 9

### **Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a clients or prospective client's evaluation of our advisory business or the integrity of our management. The Firm and our management personnel have no reportable disciplinary events to disclose.

Form ADV Part 2A, Item 10

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

BT Wealth Management is a wholly owned subsidiary of Baker Tilly US, LLP ("Baker Tilly"). Baker Tilly is an accounting, advisory, tax and assurance firm and an independent member of Baker Tilly International. All of BT Wealth Management's personnel are either partners or employees in Baker Tilly. Some of these individuals may be licensed CPAs; however, they typically do not actively practice public accounting because their time is dedicated to BT Wealth Management or other affiliates of Baker Tilly.

We may refer clients in need of accounting or tax services to Baker Tilly. If such clients become clients of Baker Tilly, services provided by Baker Tilly are typically provided under a separate engagement, for separately defined compensation, and are separate and distinct from our services. At the discretion of BT

Wealth Management, the fees due to Baker Tilly for tax services to clients may be paid out of the client's advisory fee payable to BT Wealth Management and not charged separately to the client. Baker Tilly may refer some of its clients to us, and we, in turn, as noted above may refer clients to them. There are no referral fee arrangements between BT Wealth Management and Baker Tilly for these recommendations. No client is under any obligation to use Baker Tilly for any accounting services and no accounting client is obligated to use our services. We disclose this relationship because it presents a potential conflict of interest which clients and prospective clients should be aware of, as it may influence their decision making when evaluating our services.

Baker Tilly Capital, LLC ("BT Capital"), is a wholly owned affiliate of Baker Tilly, and a limited purpose broker-dealer registered with the SEC, member of the FINRA and the Securities Investor Protection Corporation ("SIPC"). Some IARs may also be registered representatives of BT Capital. BT Capital provides services in private investment banking, consulting, capital raising, transactional services and mergers and acquisitions. Some of the investment banking services are broker-dealer related, for example marketing of private placements, tax credits, and mergers and acquisitions; and some are not, for example financial forecasting and compliance services. As clients of BT Wealth Management may separately be clients of BT Capital, we consider these dual service relationships to create conflicts of interest which clients should be aware of. The suitability of the securities recommendations and non-securities transactions conducted through BT Capital are reviewed by principals of BT Capital.

Certain IARs may also be associated with Baker Tilly Municipal Advisors, LLC ("BTMA"), a municipal advisor registered with the SEC and the Municipal Securities Rulemaking Board ("MSRB"), controlled by Baker Tilly. BTMA may be providing advice to state or local governments on municipal financial products or the issuance of municipal securities that we are also providing investment advice to. This relationship presents a potential conflict of interest which clients and prospective clients should be aware of when evaluating our services.

Some IARs in their separate individual capacities may also serve as insurance agents. Baker Tilly Vantagen, LLC a wholly owned subsidiary of Baker Tilly, is an insurance agency through which such IARs are licensed. The recommendation by one of our IARs to purchase an insurance product presents a conflict of interest as the receipt of commissions provides them with an incentive to recommend insurance products. No client is under any obligation to purchase any insurance products from one of our IARs. Clients may purchase these products through other unaffiliated insurance agents.

We have IARs that are also licensed or non-practicing attorneys in the State of California. Legal services are not offered through BT Wealth Management. Should a client require legal services, they will be referred to a licensed and practicing attorney. We will not receive any additional compensation for these referrals.

Form ADV Part 2A, Item 11

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

As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts and to always act solely in the best interest of each of our clients. Our fiduciary duty is the underlying principle for our Code of Ethics, which includes procedures for personal securities transactions and insider trading. We require all IARs to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. The Firm and our IARs must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. Upon joining the Firm, and at least annually thereafter, all IARs will acknowledge receipt, understanding and compliance with our Code of Ethics. The Firm and IARs must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give clients a summary of our Code of Ethics. If a client or potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

We recognize that IARs of BT Wealth Management may buy or sell securities for themselves that they also recommend. Where a transaction for an IAR, or an account related to an IAR, is contemplated, a client's transaction is given priority. Our Code of Ethics is designed to prevent conflicts of interest between the financial interests of clients and the interests of the firm's staff. The Code of Ethics requires, among other procedures, our staff to obtain preapproval of certain securities transactions, to report transactions quarterly and to report all securities positions in which they have a beneficial interest at least annually. These reporting requirements allow supervisors at the firm to determine whether to allow or prohibit certain staff securities purchases and sales based on transactions made, or anticipated to be made, in the same securities for clients' accounts.

Neither the Firm nor a related person recommends, buys, or sells for client accounts, securities in which we or a related person has a material financial interest without prior disclosure to the client.

The Code of Ethics is required to be reviewed annually and updated as necessary.

Form ADV Part 2A, Item 12

### **Brokerage Practices**

The Firm does not maintain physical custody of your assets. Client assets must be maintained in an account at a "qualified custodian", generally a broker-dealer or bank. We seek to recommend a custodian who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. When we review our decision to recommend a qualified custodian, we generally consider one or more of the following factors:

- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation
- Quality of services

With the above in consideration, we primarily recommend that our clients use Charles Schwab & Co., Inc., TD Ameritrade Institutional, National Financial Services, LLC, Fidelity Brokerage Services LLC, Equity Advisor Solutions and in the future may have relationships with other qualified custodians (collectively, "Qualified Custodians"). BT Wealth Management is independently owned and operated and not affiliated with Qualified Custodians. Qualified Custodians offer services to independent investment advisors which includes custody of securities, trade execution, clearance, and settlement of transactions. Qualified Custodians enable us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Qualified Custodians do not charge client accounts separately for custodian services. Client accounts will be charged transaction fees, commissions or other fees on trades that are executed or settle into the client's custodial account. Transaction fees are negotiated with Qualified Custodians and are generally discounted from customary retail commission rates. This benefits clients because the overall fee paid is often lower than would be otherwise.

Qualified Custodians may make certain research and brokerage services available at no additional cost to BT Wealth Management. Research products and services provided by Qualified Custodians may

include: research reports on recommendations or other information about particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Qualified Custodians to our firm in the performance of our investment decision-making responsibilities. Without this arrangement, we might be compelled to purchase the same or similar services at our own expense.

As part of our fiduciary duty to our clients, we will always endeavor to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by BT Wealth Management or our related persons creates a conflict of interest and may indirectly influence our choice of Qualified Custodians as a custodial recommendation. Our firm examined this conflict of interest when we chose to recommend Qualified Custodians and has determined that the recommendation is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

Our clients may pay a transaction fee or commission to Qualified Custodians that is higher than another qualified broker dealer might charge to affect the same transaction where our firm determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services provided to the client as a whole. Certain Qualified Custodians may not charge any transaction fees for trades in U.S. equities or ETFs. Clients are ultimately responsible for determining which Qualified Custodian to use to maintain their account.

In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Although our firm will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

BT Wealth Management is independently owned and operated, and not affiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities when instructed. While we recommend that clients use Schwab as custodian/broker, clients will decide whether to do so and open an account with Schwab by entering into an account agreement directly with them. We do not open the account. Even though the account is maintained at Schwab, we can still use other brokers to execute trades, as described below.

#### HOW WE SELECT CUSTODIANS/BROKERS

We seek to recommend a custodian/broker who will hold client assets and execute securities transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, but not limited to:

- Combination of transaction execution services along with asset custody services (generally without a separate fee for custody).
- Capability to execute, clear and settle trades (buy and sell securities for your account).
- Capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.).
- Breadth of investment products made available (stocks, bonds, mutual funds, ETFs, etc.).
- Availability of investment research and tools that assist us in making investment decisions.
- Quality of services.
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them.
- Reputation, financial strength, and stability of the provider.
- The custodian/broker's prior service to us and our other clients; and
- Availability of other products and services that benefit us, as discussed below.

#### CUSTODY AND BROKERAGE COSTS

Schwab generally does not charge our client accounts separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your account. For some accounts, Schwab can charge you a percentage of the dollar amount of assets in the account in lieu

of commissions. Schwab's commission rates (and asset-based fees) applicable to BT Wealth Management client accounts were negotiated based on our commitment to maintain our client assets in accounts at Schwab. This commitment benefits you because the overall commission rates (and asset-based fees) you pay are lower than they would be if we had not made the commitment. In addition to commissions, (or asset-based fees) Schwab charges a flat dollar amount as a "trade away" fee for each trade that we execute by a different broker-dealer but where the securities bought or the funds from the securities sold are settled and deposited into a Schwab account. These fees are in addition to the commissions or other compensation clients pay the executing broker-dealer.

#### PRODUCTS AND SERVICES AVAILABLE TO US FROM SCHWAB

Schwab Advisor Services is Schwab's business serving independent investment advisory firms like BT Wealth Management. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' account while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (i.e., we do not have to request them) and at no charge to us if we keep a total of at least \$10 million of our clients' assets in accounts at Schwab. Below is a detailed description of Schwab's support services.

##### *Schwab Services That Benefit You.*

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

##### *Schwab Services That Perhaps Will Not Directly Benefit You*

Schwab also makes available to us other products and services that benefit us but perhaps will not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We can use this research to service all, some, or a substantial number of our clients' accounts. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements).
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts.
- Provide pricing and other market data.
- Facilitate payment of our fees from our client's accounts; and
- Assist with back-office functions, recordkeeping, and client reporting.

##### *Schwab Services That Generally Benefit Only Us*

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

- Educational conferences and events.
- Technology, compliance, and events.
- Publications and conferences on practice management and business succession; and
- Access to employee benefits providers, human capital consultants and insurance providers.

Schwab can provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also can discount or waive its fee for some of these services or pay all or a part of a third-party's fees. In addition, Schwab can provide us with other benefits such as occasional business entertainment of our personnel.

## BT WEALTH MANAGEMENT'S BENEFICIAL INTEREST IN SCHWAB'S SERVICES

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We do not have to pay for Schwab's services so long as we keep a total of at least \$10 million of client assets in accounts at Schwab. The \$10 million minimum can give us an incentive to recommend that you maintain your account with Schwab based on our interest in receiving Schwab's 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 as custodian/broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services (based on the factors discussed above) and not Schwab's services that benefit only us.

## TD AMERITRADE

BT Wealth Management also participates in the institutional advisor program (the "Program") offered by TD. TD offers to independent investment advisors, services which include, custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD through our participation in the Program.

As disclosed above, we participate in TD's institutional advisory program, and we can recommend TD to clients for custody and brokerage services. There is no direct link between BT Wealth Management's participation in the Program and the investment advice it gives to its clients, although we receive economic benefits through our participation in the Program that are typically not available to TD 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 our participants.
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate share to client accounts).
- The ability to have our 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 us by third party vendors.

TD can also pay for business consulting and professional services received by our related persons. Some of the products perhaps will not benefit our client accounts. These products or services can assist us in managing and administering client accounts, including accounts not maintained at TD. Other services made available by TD are intended to help us manage and further develop our business enterprise. The benefits received by us or our personnel through participation in the Program do not depend on the amount of brokerage transactions directed to TD. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by us or our related persons in and of itself creates a conflict of interest and can indirectly influence our choice of TD for custody and brokerage services.

### Best Execution

We 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. We will not obligate ourselves to obtain the lowest commission or best net price for an account on any particular transaction. Consistent with the foregoing, while we will seek competitive rates, we perhaps will not necessarily obtain the lowest possible commission rates for client transactions.

To ensure that brokerage firms selected by us are conducting overall best qualitative execution, we 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 or other buyers or sellers and administrative ability.

BTIS seeks the best price for a security in the marketplace by using a competitive bidding process. We generally select the banks and brokers to effect client transactions. For securities with an active secondary market, such as Treasuries and government agencies, we attempt to receive three competitive bids. For securities with a less active secondary market, such as state and municipal securities and negotiable CDs we may receive bids from only one or two brokers.

#### Directed Brokerage

Under certain circumstances, we can allow a client to direct the Firm to execute all or a portion of client transactions through a specific broker ("Directed Brokerage"). If that is the case, the client should understand that: 1) we generally do not negotiate specific brokerage commission rates with the broker on a client's behalf, or seek better execution services or prices from other broker-dealers and, as a result, the client can pay higher commissions and/or receive less favorable net prices on transactions for their account than might otherwise be the case; and 2) transactions for that account generally will be effected independently unless we are able to purchase or sell the same security for several clients at approximately the same time ("block trade"), in which case the firm can include such client's transaction with that of other clients for execution by the same broker. If transactions are not able to be traded as a block, the Firm perhaps will have to enter the transactions for the client's account after orders for other clients, with the result that market movements can work against the client. Therefore, prior to directing us to use a specific broker-dealer, a client should consider whether, under that restriction, execution, clearance and settlement capabilities, commission expenses and whatever amount is allocated to custodial fees, if applicable, would be comparable to those otherwise obtainable. Clients should understand that the client might not obtain commission rates as low as it might otherwise obtain if we had discretion to select or recommend other broker-dealers. Consequently, Directed Brokerage can result in the client paying more money for brokerage services.

Subject to its objective to achieve best execution, we may decline a client's request to engage in Directed Brokerage if, in the Firm's sole discretion, such Directed Brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers.

#### Special Considerations for ERISA Clients

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

#### Client-Directed Brokerage

We do not generally permit clients to direct brokerage outside of the custodian where the client maintains their account. We may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, clients may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or clients may receive less favorable prices.

#### Trade Aggregation and Allocation

BT Wealth Management typically effects transactions for each client account independently, and therefore is usually unable to aggregate client orders. However, when able to, we can aggregate trades of accounts. Trade aggregation, or "bunching of orders", can result in better execution and/or better realized prices. Because our portfolio management services utilize various types of investments and securities, it perhaps



will not be possible to bunch orders. Alternatively, even, when possible, we perhaps will not be able to execute all shares of an aggregated trade because of prevailing market conditions and other variables, in which case we will allocate the trade among participating accounts in an equitable manner determined prior to execution of the trade. In certain cases, the Firm perhaps will not be able to purchase or sell the same for all clients that could transact in the security, which is generally based on various factors such as the type of security, size of the account, cash availability and account restrictions. For clients requiring directed brokerage, the Firm perhaps will not be able to effectively “bunch” orders on the client’s behalf, which could impact the possible advantage clients derive from the aggregation of orders.

Form ADV Part 2A, Item 13

## **Review of Accounts**

### Periodic Reviews

Client accounts are monitored on an ongoing basis, which includes detailed periodic review. The frequency of reviews is at the discretion of BT Wealth Management, but accounts are typically reviewed not less than quarterly. Accounts are reviewed for performance, consistency with the investment strategy and client objectives, and other account parameters in order to determine if any adjustments need to be made. Reviews are performed by the investment advisor performing services for the respective client. For BTIS, maturing investments are reviewed weekly for the potential for reinvestment.

### Other Reviews and Triggering Events

In addition to the periodic reviews described above, reviews can be triggered by changes in a client’s personal, tax or financial status. Account holdings also are reviewed when changing market conditions warrant such a review. Clients are encouraged to notify the Firm and its advisory representative of any changes in the client’s personal financial situation that might affect the client’s investment needs, objectives, or time horizon.

### Regular Reports

Written account statements are generated no less than quarterly and are sent directly from the account custodian. These statements list the account positions, activity in the account over the covered period, and other related information, including any fees deducted from the account. Clients are also sent confirmations following each brokerage account transaction unless confirmations have been waived. Clients are urged to carefully review all account statements and notify the Firm if the client believes there is an error or improper charge on the statement.

In addition, clients can receive other supporting reports from mutual funds, trust companies, broker-dealers or insurance companies based on their involvement with the account and their applicable internal reporting requirements.

Financial Planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. We do not provide ongoing services to financial planning only clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc. Financial Planning only clients do not receive written or verbal updated reports regarding their financial plans unless they separately engage us for a post-financial plan meeting or update to their initial written financial plan.

### **Payments for Client Referrals and Other Compensation**

We may pay referral fees to independent solicitors for the referral of clients us in accordance with Rule 206(4)-3 of the Investment Advisers Act of 1940. Generally, referral fees are paid based on a percentage of the fee charged to our clients. All clients referred by Solicitors to us will be given full written disclosure describing the terms and fee arrangements between us and the Solicitor(s).

BTIS makes available to its clients the FICA® | for Advisor's cash management program sponsored by Stone Castle Cash Management, LLC ("Stone Castle"). Specifics regarding the program can be found in Stone Castle's Form ADV Part 2A. In certain circumstances, we may earn a referral fee from Stone Castle if clients participate in the program. We may assist clients in signing up for the program and facilitate the transfer of funds. Each client participating in the program will receive a copy of Stone Castle's Form ADV Part 2A along with a disclosure of the fee relationship with us.

### **Custody**

BT Wealth Management does not maintain physical custody of client funds or securities. However, certain services provided by our affiliated accounting firm Baker Tilly, result in our firm being deemed to have "custody" of clients' cash and securities under Rule 206(4)-2 under the Investment Advisers Act of 1940. We disclose the fact that we are deemed to have custody on Form ADV Part 1 in Item 9, and we engage an independent accounting firm to verify the accounts for which we are deemed to have custody through a surprise examination on an annual basis consistent with the rule and associated guidance.

Separately, if agreed to by the client, we have the ability to request the deduction and payment of management or consulting fees from a client's account.

Clients will receive statements at least quarterly from the custodian that holds and maintains clients' investment portfolios. To the extent a client receives any account or other investment ownership statement from us, we recommend the client carefully compare the information in the report to that in the custodian's statements. Clients should contact us directly if they believe there may be an error in their statement, or have any questions about any of the transactions, activity, holdings, or fees deducted.

### **Investment Discretion**

When providing portfolio management services under BT Wealth Management or investment supervisory services under the BTIS division, IARs may exercise discretion when granted authority by clients, and most clients grant discretionary authority to us under the terms of the Agreement. When doing so, it allows us to select the securities to buy and sell, the amount to buy and sell, when to buy and sell, and the commission rate paid, without obtaining specific consent from the client for each trade. Clients should be aware that IARs may make different recommendations and effect different trades with respect to the same securities to different clients. Commissions and execution of securities transactions implemented through the custodian or other broker-dealer recommended by us may not be better than the commissions or execution available if the client used another brokerage firm. However, we believe the overall level of services and support provided to the client by custodians and broker-dealers whom we recommend outweighs the potentially lower costs that may be available from other brokerage service providers.

Depending on the service agreement, third-party managers used to manage client accounts or portions of client accounts may be hired or terminated by BT Wealth Management using discretionary authority granted to us by a client. Such third-party managers also have authority granted by the client to purchase and sell securities at their discretion within the client's account.

Form ADV Part 2A, Item 17

### **Proxy Voting and Securities Class Action Policies**

BT Wealth Management does not typically vote proxies on behalf of clients and does not offer consulting services regarding proxy issues or securities class actions to pension consulting or investment consulting clients.

For portfolio management clients, the responsibility for voting proxies is determined within the Agreement between BT Wealth Management and the client. For those clients for whom BT Wealth Management votes proxies, we strive to vote proxies in the clients' best economic interest. We maintain a policy designed to reasonably ensure we will not be influenced by outside sources whose interest's conflict with the interests of our clients and to ensure conflicts are identified and resolved in the best interest of the client. BT Wealth Management maintains written proxy voting guidelines which summarize its approach to voting proxy matters.

We will generally support management's recommendations on proxy issues related to business operation matters, since management's ability is a key factor, we consider in selecting equity securities. However, when we believe the company's management is acting in an inconsistent manner with our clients' best interests, we may vote against management's recommendations. We also generally vote against expansion of a board's power, unless we determine such expansion will benefit shareholders of the company. In addition, BT Wealth Management generally votes "legacy securities" (securities specifically directed by the client to be maintained within a client's account) consistent with management's recommendations.

Clients who have authorized BT Wealth Management to vote proxies on their behalf may request a report showing how we have voted shares held in their account(s). A copy of BT Wealth Management's Proxy Voting Policy is also available upon request. For proxy voting, we utilize the services of a third-party service provider, Broadridge's ProxyEdge product to help facilitate the proxy voting process and maintain proxy voting records.

We do not vote proxies on behalf of governmental clients to which BTIS provides investment supervisory services.

Form ADV Part 2A, Item 18

### **Financial Information**

There are no known financial conditions within BT Wealth Management likely to impair our ability to meet commitments to clients. Neither BT Wealth Management nor any of its management personnel have been the subject of a bankruptcy in the past ten years.