

# BWM Advisory, LLC d/b/a Bedrock Investment Advisors Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of BWM Advisory, LLC. If you have any questions about the contents of this brochure, please contact us at (800) 779-4183 or by email at: [compliance@bedrockia.com](mailto:compliance@bedrockia.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about BWM Advisory, LLC, is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). BWM Advisory, LLC's CRD # 173131.*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

Below are the material changes in this brochure from the last annual updating amendment on March 28, 2020. Material changes relate to BWM Advisory, LLC's policies, practices or conflicts of interests. The brochure will be amended anytime there is a material change, and this section will include a summary of any material changes.

- Items 4, 5, and 10 have been updated regarding the firm's services and fees.

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## Item 4: Advisory Business

### *Business Description*

We provide services to clients concerning mutual funds, fixed income securities, real estate funds (including REITs), Business Develop Corporations (BDC's), insurance products including annuities, equities, ETFs (including ETFs in the gold and precious metal sectors) and treasury inflation protected/inflation linked bonds. As a registered investment adviser, we are held to the highest standard of client care – a fiduciary standard. As a fiduciary, we always put our client's interests first and must fully disclose any potential conflict of interest.

#### **A. Description of the Advisory Firm**

BWM Advisory, LLC (hereinafter "BWM") is a Limited Liability Company organized in the State of Arizona. The firm was formed in September 2014, and the principal owner is Jeffrey S. Boettcher. The firm became an Investment adviser in November 2014.

#### **B. Types of Advisory Services**

##### *Portfolio Management Services*

BWM offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. BWM creates an Investment Policy Statement for each client, which outlines the client's current situation (income, tax levels, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client's specific situation. Portfolio management services include, the following:

- |                       |                                |
|-----------------------|--------------------------------|
| • Investment strategy | • Personal investment policy   |
| • Asset allocation    | • Asset selection              |
| • Risk tolerance      | • Regular portfolio monitoring |
| • Long term trading   | • Options transaction          |

BWM evaluates the current investments of each client to their risk tolerance levels and time horizon. BWM will typically request discretionary authority from clients; however, BWM will also offer non-discretionary portfolio management upon written request by the client. For clients granting discretionary authority, BWM is authorized to execute purchases and sales of securities on the client's behalf without consulting the client regarding each sale or purchase; the client may, however, terminate the discretionary authority of BWM immediately upon written notice. For clients with non-discretionary portfolio management, BWM is authorized to execute purchases and sales of securities only after securing

permission from the client regarding each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which are completed by each client.

BWM seeks to provide investment decisions that are made in accordance with the fiduciary duties owed to its accounts and without consideration of BWM's economic, investment or other financial interests. To meet its fiduciary obligations, BWM attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain specific portfolios, and accordingly, BWM's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is BWM's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent, including initial public offerings ("IPOs") and other investment opportunities that might have a limited supply, among its clients consistent with Adviser's fiduciary duty equitable basis over time.

*Delegation to sub-advisers:* We may use one or more sub-advisers to manage all or a portion of your account, including SEI Investments Company (CRD 10690) and AssetMark, Inc. (CRD 109018). All sub-advisers we recommend to clients must be registered as investment advisers with either the Securities and Exchange Commission or with the appropriate state authority(ies). You may be required to sign an individual agreement with the sub-adviser or a tri-party agreement with the sub-adviser and BWM.

The sub-adviser will actively manage the client's portfolio and will assume investment discretionary and trading authority over the managed account. BWM will not actively manage the assets in any account managed by the sub-adviser. However, BWM will assume discretionary authority to hire and terminate sub-advisers and reallocate the client's assets to other sub-advisers, when such action is deemed to be in the best interest of the client. In some circumstances, BWM may also obtain investment discretion or trading authority over client assets managed by the sub-adviser.

BWM will appraise and review, at least quarterly, during the period of this Agreement, investments of the Account, as initially accepted by BWM, together with all additions, substitutions, and alterations thereto. BWM will also render to the Client at least quarterly a written report that details the client's account, including assets held and asset value, which report will come from the Authorized Third Party. It is understood and agreed that BWM, in the maintenance of records for its own purposes, or in making such records or the information contained therein available to Client or any other person at the direction of Client, does not assume responsibility for the accuracy of information furnished by Client or any other third party.

## ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning; life insurance; tax concerns; retirement planning; college planning; risk management; estate planning and debt/credit planning. Investment planning involves working with clients to make sure their investments match their respective risk tolerance and goals. Tax concerns are addressed by working with the client to determine and compare effective tax rates for income, capital gains and other earnings or investments, then attempting to allocate the client's resources accordingly. Life insurance planning entails reviewing the life insurance and/or disability insurance needs of the client, together with any applicable dependents, spouse or other relatives, and assessing appropriate coverage for these individuals. College planning entails helping clients save for higher education, whether for the client or his/her children or other dependents, in the ideal manner to suit the client's overall financial goals and means. Risk management entails trying to identify uncertainty in investment decisions, wherein BWM attempts to quantify the potential for losses in a portfolio and then makes the appropriate allocations to mitigate that uncertainty and possibility of loss. Estate planning involves attempting to transfer assets of the client in anticipation of death, aimed at preserving as much flexibility for the client and as much wealth as possible for the intended beneficiaries. Financial planning to address retirement entails making sure clients are financially equipped for retirement in light of the client's anticipated income and expenses, investments, and other assets. Debt/credit planning consists of breaking down client budgets and aiding clients in decision-making as to current debt, anticipated significant expenses and potential debt, and avoiding excessive debt.

Financial planning services are offered to all clients and it is anticipated that each of these services will take approximately 2 - 4 hours of financial planning. For clients who do not hold assets with BWM, these services are based on fixed fees and the final fee structure is documented in Exhibit II of the Financial Planning Agreement. If a client terminates its relationship with BWM before BWM finishes the client's written financial plan, then BWM will deliver the portion of that plan that has been paid for.

BWM may also offer retirement and financial consulting services and also research (collectively "Research Project(s)") for hourly charges based on the work's type and complexity requested, along with who will be performing the Research Project. The typical hourly rate is \$250. Before the commencement of such projects, BWM shall offer the client an estimate of the hours necessary to complete the work and an hourly rate for the services.

For Fixed Fee or Hourly Rate financial plans and Research Projects, the client agrees to pay \$450 in advance and shall be invoiced periodically for subsets of the client financial plan or research project as they are completed. Any amount still owed by the client shall be payable to BWM within thirty (30) days of delivery.

### *Selection of Other Advisers*

Along with providing asset management services, BWM may direct clients to third party money managers (“TPMMs”) such as SEI Investments Company (CRD 10690) and AssetMark, Inc. (CRD 109018). BWM will be compensated via a fee share from the advisors to which it directs those clients. The fees shared will not exceed any limit imposed by any regulatory agency. Before selecting other advisors for clients, BWM will always ensure those other advisors are properly licensed or registered as investment advisors. Retail investors typically cannot contract directly with SEI Investments Company (CRD 10690) and AssetMark, Inc. (CRD 109018) for the advisory services that these third-party providers provide via BWM. Accordingly, clients will contract with BWM for third party services, rather than going directly to the TPMM.

The TPMM may customize the client's portfolio by blending traditional investment strategies with an allocation to alternative or less liquid asset classes. The investment strategy adopted by the TPMM may embrace value, growth, or contrarian investing styles. Generally, securities transactions will be decided upon and executed by the TPMM on a discretionary basis. This means that the manager selected will have the ability to buy and sell securities in your account without obtaining the client's approval. BWM and its Associated Persons will not manage, or obtain discretionary authority over the assets in accounts participating in these programs; however, clients may grant BWM the discretionary authority to hire and fire such TPMM. Generally, clients may not impose restrictions on investing in certain securities or types of securities in accounts managed by a TPMM.

Associated Persons of BWM will periodically review reports provided to the client. An Associated Person of BWM will attempt to contact the client at least annually, to review the client's financial situation and objectives, communicate information to the TPMM managing the account as necessary, and to assist the client in understanding and evaluating the services provided by the TPMM. Clients will be expected to notify BWM of any changes in their financial situation, investment objectives, or account restrictions.

The TPMM may offer wrapped or non-wrapped pricing options. Wrap pricing structures allow the client to pay an all-inclusive fee for management, brokerage, clearance, custody, and administrative services. In a non-wrap pricing structure, the TPMM's fee may be separated from the advisory fee charged by BWM. Transaction costs may also be charged for the execution and clearance of advisory transactions directed by the TPMM. A complete description of the programs and services provided, the amount of total fees, the payment structure, termination provisions and other aspects of each program are detailed and disclosed in: i) the TPMM's Form ADV Part 2A Brochure; ii) the program wrap brochure (if applicable); iii) the disclosure documents of the portfolio manager(s) selected; or, iv) the TPMM's account opening documents. A copy of all relevant disclosure



documents of the TPMM and of the individual portfolio manager(s) will be provided to anyone interested in these programs/managers.

### ***Services Limited to Specific Types of Investments***

BWM generally provides its investment advice to mutual funds, fixed income securities, real estate funds (including REITs), Business Develop Corporations (BDC's), insurance products including annuities, equities, ETFs (including ETFs in the gold and precious metal sectors) and treasury inflation protected/inflation linked bonds, although BWM primarily recommends ETFs to a majority of its clients. BWM may use other securities as well to help diversify a portfolio when applicable.

BWM generally will not charge an ongoing advisory fee for unmanaged or static assets held in managed accounts. However, for non-Washington clients, BWM does include REIT's and BDC's, along with other less liquid instruments, as part of the management fee because, when purchased through BWM, clients purchase these instruments at NAV and there is management to be done in terms research and ongoing service. BWM will not charge a management fee to Washington clients for those investments. Moreover, BWM does not charge a management fee for fixed indexed annuities.

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

BWM will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by BWM on behalf of the client. BWM conducts such interviews to understand the likely time frame of the client's investment, liquidity requirements, cash flow requirements, net worth of client, and expected short term expenses. BWM may use "model portfolios" together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets - please see the "Keystone Investment Portfolios Addendum" at the end of this brochure for additional information. Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

### **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. BWM does not sponsor any wrap fee programs, but TPMMs may sponsor wrap fee programs in which clients participate.

## **E. Assets Under Management**

BWM has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$38,229,545.60	\$0	November 30, 2020

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

### **A. Fee Schedule**

#### ***Portfolio Management Fees***

<b>Total Assets Under Management</b>	<b>Annual Fee</b>
All assets	2.00%

These fees are generally negotiable, and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Clients may terminate the agreement without penalty for a full refund of BWM's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 30 days' written notice. Partial billing periods the management fees will be prorated based upon the number of days a client's account was open during a billing period.

When required, BWM will send the client a written invoice, including the fee, the formula used to calculate the fee, the fee calculation itself, the time period covered by the fee, and, if applicable, the amount of assets under management on which the fee was based. Also, BWM will include the name of the custodian(s) on the fee invoice. BWM will send these to the client concurrent with the request for payment or payment of BWM's advisory fees. We urge the client to compare this information with the fees listed in the account statement.

BWM uses the monthly end value of the client's account for purposes of determining the market value of the assets upon which the advisory fee is based.

While the firm endeavors at all times to offer clients its specialized services at reasonable costs, the fees charged by other advisers for comparable services may be lower than the fees charged by BWM.

In computing the market value of any investment of the Account, the securities in the Account listed on a national securities exchange or otherwise subject to current last-sale reporting shall be valued at the amount reported on the statement that Client receives from the Authorized Third-Party. For Client's benefit, BWM may, from time to time, and as it deems appropriate, purchase securities that are not

liquid on a daily basis or may have other liquidity limitations. Such securities which are not traded nor subject to last-sale reporting shall be valued at the latest available bid price reflected by quotations furnished to BWM by such sources as it may deem appropriate. Any other security shall be valued by BWM and the Client to reflect its fair market value, in such manner as is consistent with BWM's fiduciary duty. Clients may dispute valuations made by BWM.

### ***Financial Planning Fees***

The negotiated fixed rate for creating client financial plans is between \$250 and \$10,000. Fixed fees are based upon the Financial Planning Agreement's hourly rate of \$250 per hour. This rate includes planning and consulting services. The fees are negotiable. Financial planning fees will be offset for related advisory services of assets being managed by BWM.

50% of the anticipated Financial Planning Fees are paid in advance, but never more than \$500, with the remaining balance due upon the completion of the financial plan. For Research Projects, BWM may also offer hourly consulting charges at the rates set forth above. Fixed fees relate to financial plans and financial planning that may include, without limitation: investment planning; life insurance; tax concerns; retirement planning; college planning; Risk Management; Estate Planning and debt/credit planning, each service as further detailed above. Financial planning fees will be offset for related advisory services of assets being managed by BWM.

It is anticipated that most financial planning services will take approximately 4 hours, but the time to complete a financial plan will depend on the services required by the client. For example, the financial plan for a client requiring only investment planning, retirement planning, and life insurance planning will usually require 6 - 12 hours.

The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. BWM and the client will ultimately determine the negotiated fixed fee depending on the specific financial planning services (listed above) that the client requires, the need to take into account dependents or other individuals, the diversity of client assets to be addressed by the financial plan, as well as conversations with the client. Fixed fees will be offered to all clients.

Clients may terminate the agreement without penalty and for a full refund of any fees within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement generally upon written notice by phone or email.

### ***Hourly Consulting Fees***

Hourly consulting charges are based on the work's type and complexity requested, along with who will be conducting the Research Project. The typical hourly rate is \$250.

Clients may terminate the agreement without penalty and for a full refund of any fees within five business days of signing the advisory agreement. Thereafter, clients may terminate the agreement generally upon written notice by phone or email. If the client terminates its relationship with BWM before it completes the written financial plan or analysis, then BWM will deliver completed portions of any documents to the client.

### ***Third Party Advisers Fees***

#### **AssetMark**

Total Assets	Third Party's Fee	Combined Maximum Fee
Up to \$500,000	0.65%	Up to 2.00%
\$500,000 - \$1,000,000	0.60%	Up to 2.00%
\$1,000,001 - \$2,000,000	0.55%	Up to 2.00%

#### ***SEI***

Total Assets	Third Party's Fee	Combined Maximum Fee
Up to \$1,000,000	Up to 1.45%	Up to 2.00%
\$1,000,001 - \$2,000,000	Up to 1.30%	Up to 2.00%
\$2,000,001 - \$5,000,000	Up to 1.00%	Up to 2.00%
Over \$5,000,000	Negotiable	Up to 2.00%

BWM may direct clients to third party money managers. BWM will be compensated via a fee share from the advisors to which it directs those clients. This relationship will be disclosed in each contract between BWM and each third party adviser. The fees shared will not exceed any limit imposed by any regulatory agency. The third party manager will be determined based on the client's investment goals, time horizon, risk tolerance, and investment objectives. The solicitor's fee will not result in a higher management fee being paid by the client.

These fees are negotiable depending upon the needs of the client and complexity of the situation. Depending on the third-party money manager, fees are paid quarterly in advance or in arrears, and clients may terminate their contracts with 30 days' written notice. Clients should review the third-party money manager's ADV Part 2A brochure document for more information regarding the collection of fees. Contracts may be terminated by phone or email. In the event of contract termination of services, the client will receive a refund invoice that reports the unearned fee refunded to the client and the earned fee kept by the adviser. The refund invoice will include the fee, the formula used to calculate the fee, the fee

calculation itself, the time period covered by the fee, and the amount of assets under management on which the fee was based

## **B. Payment of Fees**

### ***Payment of Portfolio Management Fees***

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization. BWM's fees, including those for selection of other advisers, are paid monthly in arrears with the exclusion of fees attributed to portfolios held with AssetMark, which are paid in advance as part of AssetMark's policies.

### ***Payment of Consulting Fees***

Fees are paid via check, monthly in arrears.

### ***Payment of Financial Planning Fees***

Financial planning fees are paid via check

## **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by BWM. Please see Item 12 of this brochure regarding broker-dealer/custodian.

## **D. Prepayment of Fees**

BWM collects its asset management fees in arrears. Additionally, BWM neither requires nor solicits prepayment of more than \$500 in fees per client, six months or more in advance.

## **E. Outside Compensation For the Sale of Securities to Clients**

Certain Associated Persons of BWM in their outside business activities (see Item 10 below) are licensed to accept compensation for the sale of investment products to BWM clients.

### ***1. This is a Conflict of Interest***

Certain Associated Persons of BWM are also licensed insurance agents and can effect transactions in insurance products and earn compensation for these activities. The firm expects that clients to whom it offers advisory services may also be clients for whom these individuals act as insurance agents. Clients are instructed that the fees paid to the firm for advisory services are separate and distinct from the commissions earned by Associated Persons for placing the client in insurance products. Clients to whom the firm offers advisory services are informed that they are under no obligation to purchase insurance from Associated Persons of BWM and may use the insurance brokerage firm and agent of their choice.

***2. Clients Have the Option to Purchase Recommended Products from Other Brokers***

Clients always have the option to purchase BWM recommended products through other brokers or agents not affiliated with BWM.

***3. Commissions are not the Primary Source of Income for BWM***

Commissions are not BWM's primary source of compensation.

***4. Advisory Fees in Addition to Commissions or Markups***

Any securities commission received by BWM or investment adviser representatives will be offset for any advisory fees received.

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

BWM does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

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

BWM generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals

***Minimum Account Size for Portfolio Management***

There is an account minimum of \$50,000, which may be waived by BWM in its discretion.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

BWM's methods of analysis include fundamental analysis and quantitative analysis.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

#### *Investment Strategies*

BWM uses both long-term and short-term trading and options trading (including covered options, uncovered options, or spreading strategies). Investment strategies include Model Portfolios constructed by BWM, referred to as Keystone Investment Portfolios ("KIP") Models, and also TPMM investment strategies discussed in another section. An addendum with additional information is found at the end of this brochure.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### B. Material Risks Involved

#### *Methods of Analysis*

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Quantitative Model Risk:** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors'

historical trends, and technical issues in the construction and implementation of the models.

**Inflation Risk**, also known as Purchasing Power Risk, arises from the decline in value of securities cash flow due to inflation, which is measured in terms of purchasing power. Only Inflation Protection Bonds, such as Treasury Inflation-Protected Securities (TIPS) offer protection against this risk. These are predominantly used inside of funds BWM recommends; BWM rarely recommends separate TIPS. The principal of a TIPS increases with inflation and decreases with deflation, as measured by the Consumer Price Index. When a TIPS matures, you are paid the adjusted principal or original principal, whichever is greater. TIPS pay interest twice a year, at a fixed rate. The rate is applied to the adjusted principal; so, like the principal, interest payments rise with inflation and fall with deflation. Additionally, floaters help reduce inflation risk because of the resetting of the interest rates. All other bonds expose the investor to this risk because the interest rate is fixed for the life of the bond.

**Interest Rate Risk** is the risk that an investment's value will change due to a change in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve, or in any other interest rate relationship. Such changes usually affect securities inversely and can be reduced by diversifying (investing in fixed-income securities with different durations) or hedging (such as through an interest rate swap).

**Economic Risk** is the chance that macroeconomic conditions like exchange rates, government regulation, or political stability will affect an investment, usually one in a foreign country.

**Market Risk** is the possibility of an investor experiencing losses due to factors that affect the overall performance of the financial markets in which he or she is involved. Market risk, also called "systematic risk," cannot be eliminated through diversification, though it can be hedged against. Sources of market risk include recessions, political turmoil, changes in interest rates, natural disasters and terrorist attacks.

**Political Risk** is the risk an investment's returns could suffer as a result of political changes or instability in a country. Instability affecting investment returns could stem from a change in government, legislative bodies, other foreign policy makers or military control. Political risk is also known as "geopolitical risk," and becomes more of a factor as the time horizon of an investment gets longer.

**Regulatory Risk** is the risk that a change in laws and regulations will materially impact a security, business, sector or market. A change in laws or regulations made by the government or a regulatory body can increase the costs of operating a business, reduce the attractiveness of an investment, or change the competitive landscape.



## ***Investment Strategies***

BWM's use of options trading generally holds greater risk, and clients should be aware that there is a material risk of loss using any of those strategies.

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Options transactions** involve a contract to purchase a security at a given price, not necessarily at market value, depending on the market. This strategy includes the risk that an option may expire out of the money resulting in minimal or no value, as well as the possibility of leveraged loss of trading capital due to the leveraged nature of stock options.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

BWM's use of options trading generally holds greater risk of capital loss. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income

securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Treasury Inflation Protected/Inflation Linked Bonds** are treasury bonds indexed to an inflationary gauge, with the aim of protecting the bond holder from declines in the purchasing power of the holder's money. The principal value of these bonds will typically increase with inflation and decrease with deflation, whereas the interest payment varies with the adjusted principal value of the bond. The risk of default on these bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed "electronic shares" not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

**Real Estate & Business Development Company** funds (including REITs & BDCs) face several kinds of risk that are inherent in the real estate sector and the lending / private equity sectors, which historically have experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws. As noted above, for non-Washington clients, BWM includes REITs and BDCs as part of the management fee because we buy at NAV and there is management to be done in terms of REIT and BDC research. BWM will not charge a management fee to Washington clients for those investments.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a

return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirements or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do. As mentioned above, BWM does not charge a management fee for annuities.

**Options** are contracts to purchase a security at a given price, risking that an option may expire out of the money resulting in minimal or no value. A covered option entails an investor writing an option while holding an equal and opposite position on the underlying asset. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a “naked” or uncovered put is not unlimited, whereas the potential loss for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option transactions also involve risks including but not limited to economic risk, market risk, sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

No BWM management persons are currently registered with a Broker/Dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither BWM nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Jeffrey S. Boettcher is the Managing Member and owner of Bedrock Financial Services, LLC. Bedrock Financial Services, LLC sells various insurance products for commission-based compensation and Mr. Boettcher spends approximately half his time on insurance activities during market hours. Jeffrey S. Boettcher and other Associated Persons of BWM are independent licensed insurance agents and will offer clients advice or products from those activities. Clients should be aware that a conflict of interest is inherent in such an arrangement. BWM always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are instructed that the fees paid to the firm for advisory services are separate and distinct from the commissions earned by Jeffrey S. Boettcher and other Associated Persons for placing the client in insurance products. Clients are in no way required to implement the plan through any representative of BWM in such individual's capacity as an insurance agent. BWM owes the client a fiduciary duty to put the client's interest first which includes, but is not limited to, a duty of care, loyalty, obedience, and utmost good faith.

### **D. Recommendation of Other Advisors**

We may recommend that you use a TPMM as part of our asset allocation and investment strategy. BWM will share in the compensation received by the TPMM for managing your account. The compensation arrangement presents a conflict of interest due to a financial incentive to recommend the services of the third-party advisor. You are not required to use the services of any TPMM we recommend.

We will only recommend TPMMs with whom we have executed a written agreement and we will provide all clients with a written disclosure that includes our firm name, the TPMM's name, the nature of the relationship, including any affiliation between our firm and the TPMM; A statement that our firm will be compensated by the TPMM; The terms of such compensation arrangement, including a description of the compensation paid to our investment adviser representatives; and compensation differentials, if any, charged to clients above the TPMM's normal fee, as a result of the cost of obtaining clients by compensating our firm and investment adviser representatives.

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

### **A. Code of Ethics**

BWM has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. BWM's Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

BWM does not recommend that clients buy or sell any security in which a related person to BWM or BWM has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of BWM may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of BWM to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. BWM will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of BWM may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of BWM to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, BWM will never engage in trading that operates to the client's disadvantage if representatives of BWM buy or sell securities at or around the same time as clients. BWM or investment adviser representatives do not engage in "front running" activities.

## Item 12: Brokerage Practices

### A. Factors Used to Select Custodians and/or Broker/Dealers

Custodians/broker-dealers will be recommended based on BWM's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, BWM policies are modeled after the guidelines articulated by the regulators; specifically, it believes, to a significant degree, best execution is a qualitative concept. In deciding what constitutes best execution, the determinative factor is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution. In making this determination, BWM's policy is to consider the full range of the broker's services, including without limitation, the value of research provided, execution capabilities, commission rate, financial responsibility, administrative resources and responsiveness. BWM will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

BWM recommends the services of TD Ameritrade Institutional, a division of TD Ameritrade, Inc. Member FINRA/SIPC (CRD 7870). Accounts managed by Sub Advisers and Third-Party Advisers will use the brokerage firm selected by such Sub Advisers and Third-Party Advisers. BWM also recommends on occasion, SEI Investments Management Corporation (SIMC), a wholly owned subsidiary of SEI Investments Company (CRD 10690), and AssetMark, Inc. ("AssetMark") (CRD 109018), an investment adviser registered with the Securities and Exchange Commission. AssetMark is an indirect subsidiary of Huatai Securities Co., Ltd.

#### ***1. Research and Other Soft-Dollar Benefits***

While BWM has no formal soft dollar's program in which soft dollars are used to pay for third party services, BWM may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). BWM may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and BWM does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. BWM benefits by not having to produce or pay for the research, products or services, and BWM will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that BWM's acceptance of soft dollar benefits may result in slightly higher commissions charged to the client.

## ***2. Brokerage for Client Referrals***

BWM receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

## ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

BWM recommends clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer. By directing the brokerage the firm may be unable to achieve the most favorable execution of client transactions and this practice may cost clients more money.

### **B. Aggregating (Block) Trading for Multiple Client Accounts**

BWM may aggregate transactions in equity and fixed income securities for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. BWM may determine not to aggregate transactions, for example, based on the size of the trades, the number of client accounts, the timing of the trades and the liquidity of the securities. If the firm does not aggregate orders, some clients purchasing securities around the same time may receive a less favorable price than other clients. This means that this practice of not aggregating may cost clients more money. BWM and/or its Associated Persons may participate in block trades with clients; However, BWM and/or its Associated Persons will not participate on a pro rata basis for partial fills.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

BWM monitors client accounts on a quarterly basis and conducts formal reviews on a periodic basis, as part of the client's in person or telephonic meeting with their designated investment adviser representatives. Due to the use of Model Investment Portfolios, BWM relies upon the review of one account investing in a model portfolio as a review of other similar Model Portfolios. Accounts are reviewed by the CCO and/or BWM's designated person(s)..

All financial planning accounts are reviewed upon financial plan creation and plan delivery by BWM. There is only one level of review for financial planning, and that is the total review conducted to create the financial plan.



## **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

With respect to financial plans, BWM's services will generally conclude upon delivery of the financial plan.

## **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of BWM's advisory services provided on an ongoing basis will receive, at least quarterly, a report or account statement, detailing the client's account(s) holding, including assets held, asset value, and calculation of fees. This written report will come from the custodian and BWM.

Each financial planning client will receive the financial plan upon completion.

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

## **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

BWM does not receive any economic benefit, directly or indirectly from any third party for advice rendered to BWM's clients.

### **Recommendation of Other Advisors**

We may recommend that you use a TPMM as part of our asset allocation and investment strategy. BWM will share in the compensation received by the TPMM for managing your account. The compensation arrangement presents a conflict of interest due to a financial incentive to recommend the services of the TPMM. You are not required to use the services of any TPMM we recommend.

## **B. Compensation to Non – Advisory Personnel for Client Referrals**

BWM does not compensate non-advisory personnel for client referrals.

# **Item 15: Custody**



When advisory fees are deducted directly from client accounts at client's custodian, BWM will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. We will also be deemed to have custody in certain situations where we accept standing letters of authorization from clients to transfer assets to third parties, however, these arrangements will not be available for Arizona Clients.

Clients will receive account statements at least quarterly from the broker-dealer or other qualified custodian. It is the firm's responsibility to verify the accuracy of the fee calculation and that the custodian will not determine whether the fee is properly calculated. BWM will ask clients to compare the account statements they receive from the qualified custodian with invoices and reports they receive from BWM.

### **Item 16: Investment Discretion**

BWM provides discretionary and non-discretionary investment advisory services to clients. The Investment Advisory Contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, BWM generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. In some instances, BWM's discretionary authority in making these determinations may be limited by conditions imposed by a client (in investment guidelines or objectives, or client instructions otherwise provided to BWM).

### **Item 17: Voting Client Securities (Proxy Voting)**

BWM will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

### **Item 18: Financial Information**

#### **A. Balance Sheet**

BWM neither requires nor solicits prepayment of more than \$500 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

#### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither BWM nor its management has any financial condition that is likely to reasonably impair BWM's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

BWM has not been the subject of a bankruptcy petition in the last ten years.

## **Item 19: Requirements For State Registered Advisers**

### **A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

BWM currently has only one management person/executive officer: Jeffrey S. Boettcher. Education and business background can be found on the Form ADV Part 2B brochure supplement for such individuals .

### **B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

Other business activities for each relevant individual can be found on the individual's Form ADV Part 2B brochure supplement.

### **C. How Performance-based Fees are Calculated and Degree of Risk to Clients**

BWM does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

### **D. Material Disciplinary Disclosures for Management Persons of this Firm**

No management person at BWM or BWM has been found liable in an arbitration claim or been found liable in a civil, self-regulatory organization, or administrative proceeding that is material to the client's evaluation of the firm or its management.

### **E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

Neither BWM, nor its management persons, has any relationship or arrangement with issuers of securities.

## **Kansas Addendum to Firm Brochure**

*Disclosure for clients and prospective clients residing in Kansas:* Please be advised that the investment advisory firm has professional liability insurance coverage for its investment advisory services. If applicable, a copy of the insurance agreement for the firm's professional liability insurance coverage will be provided to the client upon request.

## Keystone Investment Portfolios Addendum

KIP Model A:

Growth Focused

Objective: Combination of capital appreciation and risk mitigation through a proprietary and discretionary blend of trading strategies across multiple asset classes. (Aggressive portfolio with time horizons of at least 10 years).

KIP Model X:

Income Focused

Objective: Predominantly fixed income positions focused on generating cash flow and offsetting risks inherent in more aggressive portfolios. Used primarily as an offset to KIP Model A. More conservative portfolio with a time horizon of at least three years.

### KIP Models:

KIP Models B-G are comprised of different allocations of KIP Model A (blue) and Model X (green).

