

## **Item 1 Cover Page**

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January 5, 2021

**This brochure provides information about the qualifications and business practices of Ballentine Capital Advisor, Inc. If you have any questions about the contents of this brochure, please contact us at (864) 322-6046 or by email at [wealthteam@ballentinecapital.com](mailto:wealthteam@ballentinecapital.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. Registration as a registered investment advisor does not imply a certain level of skill or training.**

**Additional information about Ballentine Capital Advisor, Inc. also is available on the SEC’s website at <http://www.adviserinfo.sec.gov>. Ballentine Capital Advisors, Inc.’s CRD number is 140913.**

## **Item 2 Material Changes**

May 6, 2020 – Item 5 was amended to update the asset management fee table and to provide for additional billing methods.

January 5, 2021 – Items 4 and 5 were amended to include pension consulting services capabilities and the related fee disclosures.

The material changes discussed above are only those changes that have been made to this brochure since the firm's last annual update of the brochure. The date of the last annual update of the brochure was March 18, 2020.

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#### **Item 4 Advisory Business**

Ballentine Capital Advisors, Inc. (“BCA” or “Advisor”) is a registered investment advisor firm registered with the South Carolina, North Carolina, and Texas securities regulators since June 2006, October 2015, and January 2016, respectively. In accordance with federal regulations, as of December 10, 2020 BCA has an application pending for transition of its registration to the SEC since the firm’s assets under management exceed \$100 million.

The principal owner of Ballentine Capital Advisor, Inc. is James Bryan Keith Ballentine, President.

##### Advisory Services

BCA’s principal service is providing fee-based investment advisory services and financial planning services. BCA offers investment advisory services in several ways, according to the needs of the client. BCA will either manage a client’s portfolio itself, engage sub-advisors to manage all or a portion of the client’s portfolio while providing overall oversight of the account, or will direct clients to a third-party money manager, as more fully described below.

In cases where BCA manages the client portfolio or engages sub-advisors to manage some of the portfolio, the Advisor practices custom management of portfolios, on a discretionary basis, according to the client’s objectives. The Advisor’s primary approach is to use a structural allocation strategy aimed at reducing risk and increasing performance. While BCA can advise on any investment asset, our recommendations are primarily related to investments in exchange traded funds and mutual funds. The Advisor measures and selects mutual funds by using various criteria, such as the fund manager’s tenure, and/or overall career performance. The Advisor may recommend, on occasion, redistributing investment allocations to diversify the portfolio in an effort to reduce risk and increase performance. The Advisor may recommend specific stocks to increase sector weighting and/or dividend potential. The Advisor may recommend employing cash positions as a possible hedge against market movement which may adversely affect the portfolio. The Advisor may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position(s) in the portfolio, change in risk tolerance of client, or any risk deemed unacceptable for the client’s risk tolerance.

##### Third-Party Money Managers

BCA periodically recommends and refers clients to unaffiliated money managers or investment advisors. Through these arrangements, the client will then enter into an advisory agreement with the third-party money manager authorizing them to assist and advise the client in establishing investment objectives and develop an investment strategy to meet those objectives by identifying appropriate investments and monitoring such investments. In consideration for such, the third-party money manager will receive an investment advisory fee, billed monthly in advance based on the account asset value at the end of the previous month. BCA will receive a portion of the investment advisory fee for the solicitation and referral of the client to the third-party manager, and may assist the client in completing their client questionnaire and account opening paperwork. BCA will also assist in the development of the initial policy recommendations and managing the ongoing client relationship. BCA meets with the third-party money managers from time to time

to perform due diligence over those advisors. If travel costs are incurred for those meetings, the sub-advisor may reimburse BCA for those costs.

BCA will ensure that all third-party money managers recommended to clients will be either an investment advisor registered with the appropriate state securities commission, the Securities and Exchange Commission, or exempt from such registrations. The client, prior to entering into an agreement with a third-party money manager selected by BCA, will be provided with that manager's Brochure. In addition, BCA and its client will agree in writing that the client's account will be managed by that selected third party money manager on a discretionary basis.

#### Pension Consulting Services

BCA will offer both fiduciary and non-fiduciary advice to Qualified Plans and its participants. The Advisor's participant fiduciary advice will be based on information obtained from the plan participant about goals and investment objectives, time horizon, risk tolerance and the plan participant's financial situation. BCA will utilize the Investment Policy Statement when providing standardized asset allocation recommendations for the investment of assets within Qualified Plans. In cases where BCA provides ERISA Section 3(38) fiduciary investment services, BCA is responsible for the implementation of recommendations for the Qualified Plans. Where BCA provides ERISA Section 3(21) fiduciary investment recommendations, the trustee and the investment committee are responsible for implementation of recommendations and BCA will not act on the plan participants' behalf to implement these recommendations.

BCA may offer other pension consulting services that include but are not limited to educational seminars, plan surveys, evaluations of vendor's services or special projects on behalf of the plan sponsor.

#### Qualified Retirement Plan Consulting Services

As part of the Advisory Agreement for Pension Planning, BCA may provide services as follows for qualified retirement plans:

#### Fiduciary Services

The Advisor will perform the following Fiduciary Services:

- (i) Provide discretionary and non-discretionary investment advice to the Client about asset classes and investment alternatives available for the Plan in accordance with the Plan's investment policies and objectives. Client shall have the final decision-making authority regarding the initial selection, retention, removal and addition of investment options.
- (ii) Assist the Client with the selection of a broad range of investment options consistent with ERISA section 404(c) and the regulations thereunder.
- (iii) Assist the Client in the development of an investment policy statement (IPS). The IPS establishes the investment policies and objectives for the Plan. Client shall have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the investment policy statement.

- (iv) Assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformance to the guidelines set forth in the IPS and make recommendations to maintain or remove and replace investment options.
- (v) Meet with Client on a periodic basis to discuss the reports and the investment recommendations.
- (vi) Provide discretionary and non-discretionary investment advice to the Plan Sponsor with respect to the selection of a qualified default investment alternative (“QDIA”) for participants who are automatically enrolled in the Plan or who otherwise fail to make an investment election. The Client retains the sole responsibility to provide all notices to participants required under ERISA section 404(c)(5).
- (vii) At the request of Client, provide specific investment advice and recommendations to Plan participants concerning their investment objectives and portfolio construction.

#### Non-Fiduciary Services

The Advisor will perform the following Non-Fiduciary services:

- (i) Assist in the education of the participants in the Plan about general investment principles and the investment alternatives available under the Plan. Client understands that Advisor’s assistance in participant investment education shall be consistent with and within the scope of (d) (i.e., the definition of investment education) of Department of Labor Interpretive Bulletin 96-1.
- (ii) Assist in the group enrollment meetings designed to increase retirement plan participation among employees and investment and financial understanding by the employees.

Advisor may provide these services or, alternatively, may arrange for the Plan’s other providers to offer these services, as agreed upon between Advisor and Client.

The Advisor's roles and actions in fulfilling all responsibilities pertaining to this Agreement shall not include those of the Plan's Trustee and will be performed solely at the direction of the Plan Sponsor, its authorized officers, employees and/or agents. At no time will the Advisor accept, maintain possession of, or have custodial responsibility for the Plan's assets. The Advisor will not conduct or effect the purchase or sale of any assets of the Plan on behalf of the Plan Sponsor or Plan Participants. Communicational and educational activities in which the Advisor engages related to Participants in the Plan shall be solely at the direction of the Plan Sponsor, and shall not be represented by the Advisor or Plan Sponsor as investment, tax or legal advice. The Advisor is not licensed to provide, shall not provide, nor be construed to provide, the services of an attorney or accountant.

#### Financial Planning

In addition to investment supervisory services, BCA may provide Financial Planning Services to some of its clients. The Advisor’s Financial Planning services may include recommendations for

portfolio customization based on their client's investment objectives, goals and financial situation. The financial planning services may include but not be limited to: preparing an annual net worth statement; creating a cash flow statement; reviewing client's current investments, most recent tax returns, life and disability insurance, and/or estate plan and making recommendations thereon; completing a retirement analysis; and providing education planning advice. These services are based on fixed fees or hourly fees and the final fee structure is documented in Exhibit I of the Financial Planning Agreement.

BCA will tailor its advisory services to its client's individual needs based on meetings and conversations with the client. If clients wish to impose certain restrictions on investing in certain securities or types of securities, the Advisor will address those restrictions with the client to have a clear understanding of the client's requirements.

BCA does not provide portfolio management services to wrap fee programs.

As of December 7, 2020, BCA had \$105,133,000 in discretionary client assets under management.

## **Item 5 Fees and Compensation**

### Asset Management Fees – Advisor Managed and Sub-Advisor Managed Accounts

Pursuant to an investment advisory contract signed by each client, the client will pay the Advisor an advisory fee at the following annual rates:

<b>Account Value</b>	<b>Advisor Fee</b>	<b>Sub-Advisor Fee</b>	<b>Total Fee</b>
First \$250,000	1.25%	0.40%	1.65%
Next \$250,000	1.15%	0.25%	1.40%
Next \$500,000	1.00%	0.10%	1.10%
Next \$1,000,000	0.85%	0.07%	0.92%
Next \$3,000,000	0.65%	0.05%	0.70%
Over \$5,000,000	0.45%	0.03%	0.48%

BCA's advisory fee will be monthly in arrears or quarterly in advance, or quarterly in arrears as agreed with the client.

The advisory fee that is payable monthly in arrears is based on the value of portfolio assets of the account managed by the Advisor as of the close of business on the last business day of each month. The advisory fees for the first month shall be prorated from the inception date to the end of the month and billed as soon as feasible the month following the account opening.

The advisory fee that is payable quarterly in advance is based on the value of portfolio assets of the account managed by the Advisor as of the opening of business on the first day of each quarter. The advisory fee may be adjusted to account for significant contributions or withdrawals made to the account during the quarter. The advisory fees in the first quarter shall be prorated from the inception date to the end of the quarter and billed as soon as feasible the month following the account opening. For example, if an account is opened on January 10, the advisory fee will be calculated for the period January 10 to March 31 shortly after February 1.

For purposes of determining the fee tier, the Advisor will include all managed assets in a household, including the accounts of spouses or domestic partners and dependent family members living at the same address, or any trusts or organizational accounts owned by the individual or family.

The Total Fee includes compensation to your advisor and any sub-advisor for the portfolio management services to clients' accounts. The Advisor will pay the sub-advisor directly for its investment advisory services and this does not result in any additional cost to the client beyond the Total Fee. The Advisor will receive the Total Fee to cover portfolio management whether or not a sub-advisor is used.

Advisory fees will be directly deducted from the client account by the custodian. The client will give written authorization permitting the Advisor to be paid directly from their account held by the custodian. The custodian will send a statement to the client at least quarterly, and the Advisor will also send an invoice to the client each time a fee is deducted specifying the fee calculation, the period covered, and the amount withdrawn from the client account.

These fees may be negotiated at the sole discretion of the Advisor. The fee tier will be based on the assets managed per client household, and there is a minimum fee of \$2,000 per year. Depending on the value of the accounts managed, if the minimum fee is being charged, the fee expressed on a percentage basis may exceed the maximum fee of 1.65% noted above, but will never exceed 3.00%.

#### Third-Party Money Manager Arrangement Fees

In situations where BCA recommends a third-party money manager arrangement, the client will pay the third-party money manager an annual management fee, which will include BCA's fee, payable monthly in advance or quarterly in advance, as negotiated and documented in an advisory agreement between the client and the third-party money manager. The third-party money manager will remit to BCA its portion of the advisory fee. For accounts managed for individuals, trusts, and corporations, the maximum fees inclusive of the BCA fee, are as follows:

<b>Assets Managed</b>	<b>Annual Fee</b>
First \$500,000	1.75%
Next \$500,000	1.40%
Next \$1,000,000	0.85%
Next \$1,000,000	0.60%
Over \$3,000,000	0.50%

Fees and breakpoints for defined contribution plans are as follows:

<b>Retirement Plan Assets</b>	
<b>Assets Managed</b>	<b>Annual Fee</b>
First \$1,000,000	1.25%
Next \$2,000,000	0.90%
Next \$2,000,000	0.65%
Over \$5,000,000	0.35%

Qualified Retirement Plan Consulting Fees:

Plan Sponsor will pay the Advisor, as compensation for its services under this Agreement, a consulting fee at an annual rate ranging up to 2.00% of assets in the Plan including the value of any outstanding loans from the Plan to Participants, depending on the services provided and the size of the overall relationship. The fee may be negotiated or waived at the discretion of the Advisor. The consulting fee is payable quarterly, in arrears, based on the fair market value of assets in the Plan at the end of each quarter. The consulting fee in the first quarter of the Agreement shall be prorated from the inception date to the end of the quarter. The Advisor shall invoice the Plan Sponsor for the consulting fee. The Plan Sponsor may, at its election, submit invoices for this consulting fee to the custodian of the Plan's assets for payment. The Plan Sponsor agrees to payment of these invoices, whether directly from the Plan Sponsor or from the Plan's custodian, promptly, and, under normal circumstances, by the end of the month in which the invoice is submitted. Fees are negotiable. There will be no pre-payment of fees.

Hourly Fee

Some clients will contract to have financial planning advice provided based on an hourly fee. The Advisors hourly fee will be billed at a rate ranging from \$125 to \$500 based on the complexity and skill level/experience needed for each client. Hourly fees are invoiced monthly in arrears as services are provided. The fees are negotiable and the final fee schedule will be attached as Exhibit I of the Financial Planning Agreement. Clients may terminate their contracts without penalty within five business days of signing the advisory contract.

Fixed Fees

BCA will charge a fixed fee for comprehensive financial planning services of up to \$30,000 per plan based on the complexity of the case (e.g., net worth, income, needs of client, asset level, family complexity and other issues) as contracted for with client. Fixed fees may be negotiated in advance at the discretion of the Advisor and the final fee schedule will be attached as Exhibit I of the Financial Planning Agreement. Clients may terminate their contracts without penalty within five business days of signing the advisory contract. Fixed fee-based clients are billed in monthly in arrears as services are provided.

All fees paid to BCA for investment advisory services are separate and distinct from the expenses charged by mutual funds to their shareholders and the product sponsor in the case of variable insurance products. These fees and expenses are described in each fund's or variable product's prospectus. These fees will generally include a management fee and other fund expenses.

At no time will BCA accept or maintain custody of a client's funds or securities except for authorized fee deduction. Client is responsible for all custodial and securities execution fees charged by the custodian and executing broker-dealer. The Advisor's fee is separate and distinct from the custodian and execution fees.

BCA's investment management fee is payable in advance. Upon termination, any fees paid in advance will be prorated to the date of termination and any unearned fees will be refunded to client.

Where acting in the capacity of a registered representative or insurance agent, investment advisory representatives of BCA may as broker or agent effect securities or insurance transactions for typical and customary compensation. Clients are not obligated to use investment advisory representatives of BCA to execute such securities transactions.

This practice presents a conflict of interest by creating an incentive to recommend investment products based on the compensation received, rather than on a client's needs. When recommending the sale of securities or investment products for which BCA receives compensation, BCA will inform the client of the conflict of interest by providing the client with BCA's Client Relationship Summary.

A client may be able to invest in products recommended by the firm directly, without the services of BCA. In that case, the client would not receive the services provided by BCA which are designed, among other things, to assist the client in determining which products or services are most appropriate to each client's financial condition and objectives.

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

BCA does not charge performance-based fees.

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

The Advisor will offer its services to individuals, high net worth individuals, trusts, corporations, and pension and profit-sharing plans.

The Advisor's cumulative minimum account requirement for opening and maintaining an account is \$350,000. However, the Advisor may, at its sole discretion, accept accounts with a lower value.

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

The Advisor utilizes fundamental and technical analysis techniques in formulating investment advice or managing assets for clients.

Fundamental analysis of businesses involves analyzing its financial statements and health, its management and competitive advantages and its competitors and markets. Fundamental analysis is performed on historical and present data but with the goal of making financial forecasts. There are several possible objectives; to conduct a company stock valuation and predict its probable price evolution; to make a projection on its business performance; to evaluate its management and make internal business decisions and to calculate its credit risk.

Technical analysis is a method of evaluating securities by relying on the assumption that market data, such as charts of price, volume and open interest can help predict future (usually short-term) market trends. Technical analysis assumes that market psychology influences trading in a way that enables predicting when a stock will rise or fall.

The investment strategies the Advisor will implement will typically include long-term purchases of securities held at least for one year and short-term purchases for securities sold within a year.

Clients need to be aware that investing in securities involves risk of loss that clients need to be prepared to bear.

The methods of analysis and investment strategies followed by the Advisor are utilized across all of the Advisors clients, as applicable. One method of analysis or investment strategy is not more significant than the other as the Advisor is considering the client's portfolio, risk tolerance, time horizon and individual goals. However, the client should be aware that with any trading that occurs in the client account, the client will incur transaction and administrative costs.

Investing includes the risk that the value of an investment can be negatively affected by factors specifically related to the investment (e.g., capability of management, competition, new inventions by other companies, lawsuits against the company, labor issues, patent expiration, etc.), or to factors related to investing and the markets in general (e.g., the economy, wars, civil unrest or terrorism around the world, concern about oil prices or unemployment, etc.).

Risks of fundamental analysis may include risks that market actions, natural disasters, government actions, world political events or other events not directly related to the price or valuation of a specific company's fundamental analysis can adversely impact the stock price of a company causing a portfolio containing that security to lose value. Risks may also include that the historical data and projections on which the fundamental analysis is performed may not continue to be relevant to the operations of a company going forward, or that management changes or the business direction of management of the company may not permit the company to continue to produce metrics that are consistent with the prior company data utilized in the fundamental analysis, which may negatively affect the Advisor's estimate of the valuation of the company.

In cyclical analysis, economic or business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions. Also, the lengths of the economic cycles may be difficult to predict with accuracy. Therefore, the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

While BCA can provide investment advice and recommendations on any type of investment security, BCA primarily recommends exchange traded funds and mutual funds to meet clients' investment objectives. Clients are advised that many unexpected broad environmental factors can negatively impact the value of portfolio securities causing the loss of some or all of the investment, including changes in interest rates, political events, natural disasters, and acts of war or terrorism. Further, factors relevant to specific securities may have negative effects on their value, such as

competition or government regulation. Also, the factors for which the company was selected for inclusion in a client portfolio may change, for example, due to changes in management, new product introductions, or lawsuits.

Following is a list of some of the risks to consider specifically when investing in exchange traded funds and mutual funds.

- **Call Risk.** The possibility that falling interest rates will cause a bond issuer to redeem—or call—its high-yielding bond before the bond's maturity date.
- **Country Risk.** The possibility that political events (a war, national elections), financial problems (rising inflation, government default), or natural disasters (an earthquake, a poor harvest) will weaken a country's economy and cause investments in that country to decline.
- **Credit Risk.** The possibility that a bond issuer will fail to repay interest and principal in a timely manner. Also called default risk.
- **Currency Risk.** The possibility that returns could be reduced for Americans investing in foreign securities because of a rise in the value of the U.S. dollar against foreign currencies. Also called exchange-rate risk.
- **Income Risk.** The possibility that a fixed-income fund's dividends will decline as a result of falling overall interest rates.
- **Industry Risk.** The possibility that a group of stocks in a single industry will decline in price due to developments in that industry.
- **Inflation Risk.** The possibility that increases in the cost of living will reduce or eliminate a fund's real inflation-adjusted returns.
- **Interest Rate Risk.** The possibility that a bond fund will decline in value because of an increase in interest rates.
- **Manager Risk.** The possibility that an actively managed mutual fund's investment adviser will fail to execute the fund's investment strategy effectively resulting in the failure of stated objectives.
- **Market Risk.** The possibility that stock fund or bond fund prices overall will decline over short or even extended periods. Stock and bond markets tend to move in cycles, with periods when prices rise and other periods when prices fall.
- **Principal Risk.** The possibility that an investment will go down in value, or "lose money," from the original or invested amount.

## **Item 9 Disciplinary Information**

Neither BCA nor its management persons have had any legal or disciplinary events, currently or in the past.

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

James Bryan Keith Ballentine and Cheryl Hayes, Investment Advisor Representatives of BCA are also Registered Representatives with Triad Advisors, LLC, a FINRA registered broker-dealer. Clients that use BCA or its Investment Advisor Representatives in a Registered Representative capacity will incur transactional costs in addition to the management fee for advisory services. This creates a conflict of interest. BCA and its Investment Advisor Representatives address this

conflict of interest by disclosing it to clients by providing BCA's Client Relationship Summary, which describes the transactional costs, prior to initiating any transactional related business .

Neither BCA nor any of its management persons are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

BCA does not currently have any relationships or arrangements that are material to its advisory business or clients with either a municipal securities dealer, or government securities dealer or broker, investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund" and offshore fund), other investment advisor or financial planner, futures commission merchant, commodity pool operator, or commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, or agency, pension consultant, real estate broker or dealer or sponsor of syndicator of limited partnerships.

Investment Advisor Representatives for BCA are also licensed and registered as insurance agents to sell life, accident and other lines of insurance for various insurance companies. Additionally, James Bryan Keith Ballentine is President of an affiliated entity, Ballentine Capital Management, an insurance company. Therefore, they will be able to purchase insurance products for any client in need of such services and will receive separate, yet typical compensation in the form of commissions for the purchase of insurance products. This creates a conflict of interest because of the receipt of additional compensation by the Investment Advisor Representatives. Clients are not obligated to use BCA or its Investment Advisor Representatives for insurance products services. However, in such instances, there is no advisory fee associated with these insurance products.

BCA does recommend or select other investment advisors for clients. As noted in Item 4 above, in such cases, BCA is compensated by receiving a part of the fee charged to the client by the other investment advisor. These arrangements are described in detail in the advisory agreement between the client and the third-party investment manager.

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

BCA is registered as a state registered investment advisor registered with the South Carolina, North Carolina and Texas securities regulators and has adopted as an industry best practice a Code of Ethics that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the adviser. In addition, the Code of Ethics governs personal trading by each employee of BCA deemed to be an Access Person and is intended to ensure that securities transactions effected by Access Persons of BCA are conducted in a manner that avoids any conflict of interest between such persons and clients of the adviser or its affiliates. BCA collects and maintains records of securities holdings and securities transactions effected by Access Persons. These records are reviewed to identify and resolve conflicts of interest. BCA will provide a copy of the Code of Ethics to any client or prospective client upon request.

### Registered Representative

Where acting in the capacity of a registered representative, investment advisory representatives of BCA may as broker or agent effect securities transactions for typical and customary compensation. This creates a conflict of interest. Clients are not obligated to use investment advisory representatives of the BCA to execute such securities transactions. If client elects to use the investment advisory representatives of BCA in this capacity, fees associated with these types of transactions will be disclosed to the client, in advance.

BCA and/or its investment advisory representatives may from time to time purchase or sell products that they may recommend to clients. BCA and/or its investment advisory representatives have a fiduciary duty to put the interests of their clients ahead of their own.

BCA requires that its investment advisory representatives follow its basic policies and ethical standards as set forth in its Code of Ethics.

### **Item 12 Brokerage Practices**

If requested by the client, BCA may suggest brokers or dealers to be used based on execution and custodial services offered, cost, quality of service and industry reputation. BCA will consider factors such as commission price, speed and quality of execution, client management tools, and convenience of access for both the Advisor and client in making its suggestion.

Advisor participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below).

BCA does not receive client referrals from any broker-dealer or third party as a result of the firm selecting or recommending that broker-dealer to clients.

BCA recommends that all clients use TD Ameritrade Institutional for execution and/or custodial services. Broker-dealers are recommended based on criteria such as, but not limited to, reasonableness of commissions charged to the client, tools and services made available to the client and the Advisor, and convenience of access to the account trading and reporting. The client will provide authority to BCA to direct all transactions through that broker-dealer in the investment advisory agreement.

As an investment advisory firm, BCA has a fiduciary duty to seek best execution for client transactions. While best execution is difficult to define and challenging to measure, there is some consensus that it does not solely mean the achievement of the best price on a given transaction. Rather, it appears to be a collective consideration of factors concerning the trade in question. Such factors include the security being traded, the price of the trade, the speed of the execution, apparent conditions in the market, and the specific needs of the client. BCA's primary objectives when placing orders for the purchase and sale of securities for client accounts is to obtain the most

favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the broker. BCA may not necessarily pay the lowest commission or commission equivalent as specific transactions may involve specialized services on the part of the broker.

BCA does not permit clients to direct brokerage.

BCA may combine orders into block trades when more than one account is participating in the trade. This blocking or bunching technique must be equitable and potentially advantageous for each such account (e.g. for the purposes of reducing brokerage commissions or obtaining a more favorable execution price). Block trading is performed when it is consistent with the duty to seek best execution and is consistent with the terms of BCA's investment advisory agreements. Equity trades are blocked based upon fairness to client, both in the participation of their account, and in the allocation of orders for the accounts of more than one client. Allocations of all orders are performed in a timely and efficient manner. All managed accounts participating in a block execution receive the same execution price (average share price) for the securities purchased or sold in a trading day. Any portion of an order that remains unfilled at the end of a given day will be rewritten on the following day as a new order with a new daily average price to be determined at the end of the following day. Due to the low liquidity of certain securities, broker availability may be limited. Open orders are worked until they are completely filled, which may span the course of several days. If an order is filled in its entirety, securities purchased in the aggregated transaction will be allocated among the accounts participating in the trade in accordance with the allocation statement. If an order is partially filled, the securities will be allocated pro rata based on the allocation statement. BCA may allocate trades in a different manner than indicated on the allocation statement (non-pro rata) only if all managed accounts receive fair and equitable treatment.

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

The firm reviews client accounts on an annual basis, or when conditions would warrant a review based on market conditions or changes in client circumstances. All accounts are reviewed by James Bryan Keith Ballentine, President, Anthony Colancecco, COO or Cheryl Hayes Investment Advisor Representative. Triggering factors may include BCA becoming aware of a change in client's investment objective, a change in market conditions, change of employment, or a change in recommended asset allocation weightings in the account that exceed a predefined guideline.

The client is encouraged to notify the Advisor and Investment Advisor Representative if changes occur in his/her personal financial situation that might materially affect his/her investment plan.

The client will receive written statements no less than quarterly from the custodian. In addition, the client will receive other supporting reports from mutual funds, asset managers, trust companies or other custodians, insurance companies, broker-dealers and others who are involved with client accounts. BCA does not deliver separate client statements.

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

As disclosed under Item 12 above, Advisor participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

BCA does not directly or indirectly compensate any person who is not a supervised person for client referrals.

## **Item 15 Custody**

BCA does not have custody of client funds or securities, except for the withdrawal of advisory fees directly from client accounts. However, as noted in Item 13 above, clients will receive statements not less than quarterly from the qualified custodian, and we encourage you to review those statements carefully. Any discrepancies should be immediately brought to the firm's attention.

## **Item 16 Investment Discretion**

BCA generally has discretion over the selection and amount of securities to be bought or sold in client accounts without obtaining prior consent or approval from the client for each transaction. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the client and agreed to by BCA.

Discretionary authority will only be provided upon full disclosure to the client. The granting of such authority will be evidenced by the client's execution of an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by BCA will be in accordance with each client's investment objectives and goals.

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

BCA will not vote, nor advise clients how to vote, proxies for securities held in client accounts. The client clearly keeps the authority and responsibility for the voting of these proxies. Also, BCA cannot give any advice or take any action with respect to the voting of these proxies. The client and BCA agree to this by contract. Clients will receive proxy solicitations from their custodian and/or transfer agent.

### **Item 18 Financial Information**

BCA does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and is not required to file a balance sheet.

BCA has discretionary authority over client accounts and is not aware of any financial condition that will likely impair its ability to meet contractual commitments to clients. If BCA does become aware of any such financial condition, this brochure will be updated and clients will be notified.

BCA has never been subject to a bankruptcy petition.