

# **FORM ADV PART 2A DISCLOSURE BROCHURE**

## **Beacon Capital, LLC**

**Office Address:**  
375 Collins Road NE, Suite 120  
Cedar Rapids, IA 52402

Tel: 319-389-4371  
Fax: 319-409-5945

[bretniemuth@beaconcapital.net](mailto:bretniemuth@beaconcapital.net)

This brochure provides information about the qualifications and business practices of Beacon Capital, LLC. Being registered as a registered investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 319-389-4371. 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 Beacon Capital, LLC (CRD #286316) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**JANUARY 13, 2021**

## **Item 2: Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

Since the last filing of this brochure on January 8, 2021, the brochure has been updated for SEC registration.

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### **Full Brochure Available**

This Firm Brochure being delivered is the complete brochure for the Firm.

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## Item 4: Advisory Business

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### **Firm Description**

Beacon Capital, LLC ("Beacon") was founded and registered as an investment advisor in 2017. Bret Niemuth is a 100% owner.

Beacon is a fee based investment management firm. The firm does not sell annuities, insurance, or other commissioned products. The firm's president is affiliated with entities that sell insurance products.

Beacon does not act as a custodian of client assets.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed.

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### **Types of Advisory Services**

#### **ASSET MANAGEMENT**

Beacon offers discretionary direct asset management services to advisory clients. Beacon will offer clients ongoing portfolio management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors. The client will authorize Beacon discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement.

#### **ERISA PLAN SERVICES**

Beacon provides service to qualified retirement plans including 401(k) plans, 403(b) plans, pension and profit sharing plans, cash balance plans, and deferred compensation plans. Beacon acts as a 3(21) advisor:

**Limited Scope ERISA 3(21) Fiduciary.** Beacon acts as a limited scope ERISA 3(21) fiduciary that can advise, help and assist plan sponsors with their investment decisions on a non-discretionary basis. As an investment advisor Beacon has a fiduciary duty to act in the best interest of the client. The plan sponsor is still ultimately responsible for the decisions made in their plan, though using Beacon can help the plan sponsor delegate liability by following a diligent process.

#### 1. Fiduciary Services are:

- Provide 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 will make the final decision regarding the initial selection, retention, removal and addition of investment options. Beacon acknowledges that it is a fiduciary as defined in ERISA section 3 (21) (A) (ii).
- 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 IPS.

- Provide non-discretionary investment advice to the Plan Sponsor with respect to the selection of a qualified default investment alternative for participants who are automatically enrolled in the Plan or who have otherwise failed to make investment elections. The Client retains the sole responsibility to provide all notices to the Plan participants required under ERISA Section 404(c) (5) and 404(a)-5.
- 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, remove or replace investment options.
- Meet with Client on a periodic basis to discuss the reports and the investment recommendations.

2. Non-fiduciary Services are:

- Assist in the education of Plan participants about general investment information and the investment alternatives available to them under the Plan. Client understands Beacon's assistance in education of the Plan participants shall be consistent with and within the scope of the Department of Labor's definition of investment education (Department of Labor Interpretive Bulletin 96-1). As such, the Beacon is not providing fiduciary advice as defined by ERISA 3(21)(A)(ii) to the Plan participants. Beacon will not provide investment advice concerning the prudence of any investment option or combination of investment options for a particular participant or beneficiary under the Plan.
- Assist in the group enrollment meetings designed to increase retirement plan participation among the employees and investment and financial understanding by the employees.

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

3. Beacon has no responsibility to provide services related to the following types of assets ("Excluded Assets"):

1. Employer securities;
2. Real estate (except for real estate funds or publicly traded REITs);
3. Stock brokerage accounts or mutual fund windows;
4. Participant loans;
5. Non-publicly traded partnership interests;
6. Other non-publicly traded securities or property (other than collective trusts and similar vehicles); or
7. Other hard-to-value or illiquid securities or property.

Excluded Assets will **not** be included in calculation of Fees paid to Beacon under this Agreement.

Specific services will be outlined in detail to each plan in the 408(b)2 disclosure.

#### **SOLICITOR ARRANGEMENTS**

Beacon solicits the services of third party money managers to manage client accounts. In such circumstances, Beacon receives solicitor fees from the third party money manager. Beacon acts as the liaison between the client and the third party money manager in return for an ongoing portion of the advisory fees charged by the third party money manager. Beacon helps the client complete the necessary paperwork of the third party money manager, provides ongoing services to the client, will provide the third party money manager with any changes in client status as provide to Beacon by the client and review the quarterly statements provided by the third party money manager. Beacon will deliver the Form ADV Part 2, Privacy Notice and Solicitors Disclosure Statement of the third party money manager. Clients placed with third party money managers will be billed in accordance with the third party money manager's fee schedule which will be disclosed to the client prior to signing an agreement. This is detailed in Item 10 of this brochure.

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

The goals and objectives for each client are documented in our client files. Investment strategies are created that reflect the stated goals and objectives. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without written client consent.

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#### **Wrap Fee Programs**

Beacon does not sponsor any wrap fee programs.

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#### **Client Assets under Management**

As of December 31, 2020, Beacon had approximately \$115,016,835 in client assets under management on a discretionary basis.

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

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#### **Method of Compensation and Fee Schedule**

##### **ASSET MANAGEMENT**

Beacon offers discretionary asset management services to advisory clients. The fees for these services will be based on a percentage of assets under management as follows:

Assets Under Management	Maximum Annual Fee	Maximum Quarterly Fee
Up to \$250,000	2.20%	0.5500%
\$250,001 to \$500,000	2.00%	0.5000%
\$500,001 to \$1,000,000	1.80%	0.4500%
\$1,000,001 to \$2,000,000	1.60%	0.4000%
\$2,000,001 to \$5,000,000	1.45%	0.3625%
\$5,000,001 to \$10,000,000	1.30%	0.3250%
Over \$10,000,000	1.15%	0.2875%



The annual fee may be negotiable. Accounts within the same household may be combined for a reduced fee. Fees are billed quarterly in advance based on the amount of assets managed as of the last business day of the quarter. Initial fees for partial quarters are prorated. Quarterly advisory fees will be deducted from the clients' account by the custodian. Lower fees for comparable services may be available from other sources. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement for a full refund. Clients may terminate advisory services with written notice. The client will be entitled to a pro rata refund for the days service was not provided in the final quarter. Client shall be given thirty (30) days prior written notice of any increase in fees. Client will acknowledge, in writing, any agreement of increase in said fees before any increase in fees occurs.

#### ERISA PLAN SERVICES

Fees are charged monthly in arrears based on the assets as calculated by the custodian or record keeper of the Included Assets (without adjustments for anticipated withdrawals by Plan participants or other anticipated or scheduled transfers or distribution of assets) on the last business day of the previous month. If the services to be provided start any time other than the first day of a month, the fee will be prorated based on the number of days remaining in the month. If this Agreement is terminated prior to the end of the fee period, Beacon shall be entitled to a prorated fee based on the number of days during the fee period services were provided.

The fee schedule, which includes compensation of Beacon for the services is described in detail in Schedule A of the ERISA Plan Agreement. The Plan is obligated to pay the fees, however the Plan Sponsor may elect to pay the fees. Client may elect to be billed directly or have fees deducted from Plan Assets. Beacon does not reasonably expect to receive any additional compensation, directly or indirectly, for its services under this Agreement. If additional compensation is received, Beacon will disclose this compensation, the services rendered, and the payer of compensation. Beacon will offset the compensation against the fees agreed upon under this Agreement.

#### SOLICITOR FEES

Beacon is paid solicitor fees by third party money managers. The details of the fee structure will be disclosed to the client prior to signing any investment advisory agreement and the client will receive a copy of third party advisors Form ADV Part 2. More information is available in Item 10 of this brochure.

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#### **Client Payment of Fees**

Investment management fees are billed quarterly in advance, meaning we bill you before the three-month period has started. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

ERISA services are billed monthly in arrears, meaning we bill you after the month period has ended.

Clients will be billed in accordance with the third party money manager's fee schedule which will be disclosed to the client's prior to signing an agreement.

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**Additional Client Fees Charged**

Custodians may charge transaction fees on purchases or sales of certain mutual funds, equities, and exchange-traded funds. These charges may include mutual fund transactions fees, postage and handling and miscellaneous fees (fee levied to recover costs associated with fees assessed by self-regulatory organizations).

Beacon, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

For more details on the brokerage practices, see Item 12 of this brochure.

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**Prepayment of Client Fees**

Investment management fees are billed quarterly in advance. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement for a full refund.

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**External Compensation for the Sale of Securities to Clients**

Beacon does not receive any external compensation for the sale of securities to clients, nor do any of the investment advisor representatives of Beacon.

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

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**Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Beacon does not use a performance-based fee structure because of the conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

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**Item 7: Types of Clients**

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**Description**

Beacon generally provides investment advice to individuals, high net worth individuals, corporations and business entities.

Client relationships vary in scope and length of service.

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**Account Minimums**

Beacon does not require a minimum amount of assets to open an account.

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

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**Methods of Analysis**

Security analysis methods may include fundamental analysis, technical analysis, and modern portfolio theory. Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not a guarantee of future returns.

Fundamental analysis involves evaluating a stock using real data such as company revenues, earnings, return on equity, and profits margins to determine underlying value and potential growth. Technical analysis involves evaluating securities based on past prices and volume.

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

The main sources of information include financial newspapers and magazines, corporate rating services, company press releases, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

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### **Investment Strategy**

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. Each client executes an Investment Policy Statement, Risk Tolerance or similar form that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, and trading.

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### **Security Specific Material Risks**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks and should discuss these risks with Beacon:

- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Market Risk:* The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- *Inflation Risk:* When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Business Risk:* These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies

depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

- *Liquidity Risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Financial Risk:* Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- *Long-term purchases:* Long-term investments are those vehicles purchased with the intention of being held for more than one year. Typically the expectation of the investment is to increase in value so that it can eventually be sold for a profit. In addition, there may be an expectation for the investment to provide income. One of the biggest risks associated with long-term investments is volatility, the fluctuations in the financial markets that can cause investments to lose value.
- *Short-term purchases:* Short-term investments are typically held for one year or less. Generally there is not a high expectation for a return or an increase in value. Typically, short-term investments are purchased for the relatively greater degree of principal protection they are designed to provide. Short-term investment vehicles may be subject to purchasing power risk — the risk that your investment's return will not keep up with inflation.
- *Trading risk:* Investing involves risk, including possible loss of principal. There is no assurance that the investment objective of any fund or investment will be achieved.

## **Item 9: Disciplinary Information**

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### **Criminal or Civil Actions**

Mr. Niemuth was convicted of a felony for operating a motor vehicle while intoxicated (OWI) in violation of Wisconsin statute 346.63(1)(a) in 06/2011. He was subject to ignition interlock 12 months, jail with work release 6 months, electronic monitoring 6 months, probation period of 3 years. Court assessments/fines of \$2,785.60. Paid in full by time probation ended on 06/07/2014.

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### **Administrative Enforcement Proceedings**

The firm and its management have not been involved in administrative enforcement proceedings.

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**Self-Regulatory Organization Enforcement Proceedings**

Mr. Niemuth entered into a Letter of Acceptance, Waiver and Consent ("AWC") with FINRA in April of 2018. The AWC was the result of an investigation by FINRA of Mr. Niemuth's failure to update his Form U4 to disclose his OWI charge. The AWC imposed the following sanctions: suspension from association with any FINRA member in all capacities for a period of eight months (04/16/2018 – 12/15/2018) and a \$5,000 deferred fine to be paid upon re-association with a member firm, or prior to any application or request for relief from any statutory disqualification.

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

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**Broker-Dealer or Representative Registration**

Neither Beacon nor its employees has any affiliation with broker-dealer.

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**Futures or Commodity Registration**

Neither Beacon nor its employees are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

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**Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

Bret Niemuth has a financial industry affiliated business as a licensed insurance agent. From time to time, he will offer clients advice or products from this activity. Approximately 5% of his time is spent in the insurance business which results in commissions from the sale of insurance products. He receives commissions from insurance companies on the products he sells.

This practice represents a conflict of interest because it gives Mr. Niemuth an incentive to recommend products based on the commission amount received. This conflict is mitigated by disclosures, procedures, and the firm's fiduciary obligation to place the interests of the client first and clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent of their choosing.

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**Recommendations or Selections of Other Investment Advisors and Conflicts of Interest**

Beacon solicits the services of third party money managers to manage client accounts. In such circumstances, Beacon receives solicitor fees from the third party manager. Beacon acts as the liaison between the client and the third party money manager in return for an ongoing portion of the advisory fees charged by the third party money manager. Beacon is responsible for:

- helping the client complete the necessary paperwork of the third party money manager;
- providing ongoing services to the client;
- updating the third party money manager with any changes in client status which is provided to Beacon by the client;

- reviewing the quarterly statements provided by the third party money manager; and
- delivering the Form ADV Part 2, Privacy Notice and Solicitors Disclosure Statement of the third party money manager to the client.

Clients placed with third party money managers will be billed in accordance with the third party money manager's Fee Schedule which will be disclosed to the client prior to signing an agreement. When referring clients to a third party money manager, the client's best interest will be the main determining factor of Beacon.

These practices represent conflicts of interest because Beacon is paid a Solicitor Fee for recommending the third party money managers and may choose to recommend a particular third party money manager based on the fee Beacon is to receive. This conflict is mitigated by disclosures, procedures, and the firm's fiduciary obligation. Beacon and its investment advisory representatives have a fiduciary responsibility to act in the best interest of his clients. Clients are not required to accept any recommendation of third party money managers given by Beacon and have the option to received investment advice through other money managers of their choosing.

***CLS Investments, LLC ("CLS") CRD# 107975***

Beacon has entered into a Solicitor Agreement with CLS Investments, LLC ("CLS").

CLS tailors an investment portfolio designed for the client based on the management strategy they select. Each investment strategy gives CLS the discretion to provide continuous investment advice based on the client's individual objectives, needs, and risk tolerance. CLS will utilize various security products including: mutual funds, variable annuities, exchange traded funds, Folios (Folios are baskets of individual securities), bonds, equities and/or other securities in association with the investment strategy selected by the client.

CLS's investment strategies are classified as either a wrap fee strategy or a non-wrap fee strategy. Wrap fee strategies are included as part of our wrap fee program and primarily utilize ETFs. Under the wrap fee programs, investment advice and costs of trade executions are provided to the client for an all-inclusive wrap fee. Non-wrap fee strategies primarily utilize mutual funds. Since these strategies are not included as part of CLS's wrap fee program, the client responsible for costs of trade execution in addition to the fee the client pays to CLS. However, to the extent available, CLS utilizes mutual funds that do not charge trade execution fees.

Wrap Fee Schedule. For accounts opened after April 1, 2015 that utilize strategies that are included in CLS wrap fee program, the client will be charged the following annual fee

based upon the total amount of assets enrolled in the wrap fee strategies:

Assets	Total Advisory Fee	CLS Retained Portion	Beacon Maximum Retained Portion
First \$50,000	2.00%	0.75%	1.25%
Next \$450,000	1.85%	0.60%	1.25%
Next \$500,000	1.80%	0.55%	1.25%
Assets over \$1,000,000	1.75%	0.50%	1.25%

Non-Wrap Fee Schedule. For accounts opened after April 1, 2015 that utilize non-wrap strategies, the client will be charged the following annual fee based upon the total amount of assets enrolled in CLS non-wrap fee strategies:

Assets	Total Advisory Fee	CLS Retained Portion	Beacon Maximum Retained Portion
First \$50,000	1.85%	0.60%	1.25%
Next \$450,000	1.70%	0.45%	1.25%
Next \$500,000	1.65%	0.40%	1.25%
Assets over \$1,000,000	1.60%	0.35%	1.25%

Certain of our strategies use investment options that are affiliated with CLS. “Affiliated Funds” are funds that we advise. Most of our Affiliated Funds are funds of funds, meaning they pursue their investment objectives by investing primarily in other investment companies that are not affiliated. For clients electing an Affiliated Funds Strategy, up to one hundred percent (100%) of your assets will be invested in Affiliated Funds. Our Hybrid Strategies utilize a specified combination of Affiliated Funds and nonaffiliated investment options. For clients electing a Hybrid strategy, up to seventy-five percent (75%) of your assets will be invested in Affiliated Funds. Each of the Hybrid Strategies recites an initial percentage allocation to our Affiliated Funds.

For assets placed in Affiliated Funds, CLS and its affiliates will earn fees directly from the Affiliated Funds for providing separate services to the Affiliated Funds. As described in the AdvisorOne Funds prospectus, the Affiliated Funds expenses are subject to fees of up to 1.25%, which represents the highest amount of all direct operating expenses of the Affiliated Funds. Included in these operating expenses is the management fee CLS receives for managing the Affiliated Funds. Because CLS and/or its affiliates receive fees for services provided to the Affiliated Funds, the Total Advisory Fee paid by you as disclosed in the Non-Wrap Fee Schedule above will not include the CLS Retained Portion of the advisory fee to the extent you are invested in the Affiliated Funds as part of your selected strategy.

For accounts opened through the CLS Risk Managed Strategy, the client will be charged the following annual fee based upon the total amount of assets managed:

Total Advisory Fee	CLS Retained Portion	Beacon Maximum Retained Portion
1.25%	0.25%	1.00%

CLS primarily utilizes mutual funds and ETFs for accounts managed through the CLS Risk Managed strategy. The client is responsible for costs of trade execution in addition to the fee the client pays to CLS. However, to the extent available, CLS utilizes ETFs that do not charge trade execution fees. Custodians may require a minimum holding period for securities purchased commission-free through this strategy. Consequently, the client may be charged a short-term trading fee if the minimum holding period is not met. Please contact the custodian for more information regarding these fees.

Advisory fees may be deducted directly from your account, or in some circumstances, you may be billed directly for such fees. Advisory fees billed in advance are based on the market value of all your assets under management on the last trading day of each advisory fee period, unless otherwise specified. If your advisory fees are billed in advance, you may also be billed for additional monies added to your account during the advisory fee period. No adjustments to your advisory fee will be made for monies withdrawn during the advisory fee period; however, upon termination, CLS will issue you a prorated refund of all unearned advisory fees that were paid in advance. Advisory fees billed in arrears will generally be determined based on your account balance on a daily basis unless otherwise specified. Please refer to your Investment Advisory Agreement, including attached addendums and schedules, to determine the manner your advisory fees will be calculated and billed. In any partial advisory fee cycle, your advisory fee will be pro-rated based on the number of days your assets are under management for the applicable period.

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

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##### **Code of Ethics Description**

The employees of Beacon have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of Beacon employees and addresses conflicts that may arise. The Code defines acceptable behavior for employees of Beacon. The Code reflects Beacon and its supervised persons' responsibility to act in the best interest of their client.

One area in which the Code addresses is when employees buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our clients. We do not allow any employees to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our clients.

Beacon's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other employee, officer or director of Beacon may recommend any transaction in a security or its derivative to advisory clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

Beacon's Code is based on the guiding principle that the interests of the client are our top priority. Beacon's officers, directors, advisors, and other employees have a fiduciary duty



to our clients and must diligently perform that duty to maintain the complete trust and confidence of our clients. When a conflict arises, it is our obligation to put the client's interests over the interests of either employees or the company.

The Code applies to "access" persons. "Access" persons are employees who have access to non-public information regarding any clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to clients, or who have access to such recommendations that are non-public.

The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

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**Investment Recommendations Involving a Material Financial Interest and Conflict of Interest**

Beacon and its employees do not recommend to clients securities in which we have a material financial interest.

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**Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Beacon and its employees may buy or sell securities that are also held by clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide Beacon with copies of their brokerage statements.

The Chief Compliance Officer of Beacon is Bret Niemuth. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment over employee transactions.

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**Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Beacon does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended and therefore no conflicts of interest exist. However, employees may buy or sell securities at the same time they buy or sell securities for clients. In order to mitigate conflicts of interest such as front running, employees are required to disclose all reportable securities transactions as well as provide Beacon with copies of their brokerage statements.

The Chief Compliance Officer of Beacon is Bret Niemuth. He reviews all employee trades each quarter. The personal trading reviews ensure that the personal trading of employees does not affect the markets and that clients of the firm receive preferential treatment over employee transactions.

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**Item 12: Brokerage Practices**

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**Factors Used to Select Broker-Dealers for Client Transactions**

Beacon may recommend the use of a particular broker-dealer such as TD Ameritrade Institutional, a Division of TD Ameritrade, Inc., Member FINRA/SIPC or may utilize a

broker-dealer of the client's choosing. Beacon will select appropriate brokers based on a number of factors including but not limited to their relatively low transaction fees and reporting ability. Beacon relies on its broker to provide its execution services at the best prices available. Lower fees for comparable services may be available from other sources. Clients pay for any and all custodial fees in addition to the advisory fee charged by Beacon.

Beacon participates in the TD Ameritrade Institutional program. TD Ameritrade, Inc. ("TD Ameritrade") is an independent SEC-registered broker-dealer and is not affiliated with Beacon. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Beacon receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14)

- *Directed Brokerage*

In circumstances where a client directs Beacon to use a certain broker-dealer, Beacon still has a fiduciary duty to its clients. The following may apply with Directed Brokerage: Beacon's inability to negotiate commissions, to obtain volume discounts, there may be a disparity in commission charges among clients, and conflicts of interest arising from brokerage firm referrals.

- *Best Execution*

Investment advisors who manage or supervise client portfolios have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is effected, the ability to effect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. The firm does not receive any portion of the trading fees.

- *Soft Dollar Arrangements*

The Securities and Exchange Commission defines soft dollar practices as arrangement under which products or services other than execution services are obtained by Beacon from or through a broker-dealer in exchange for directing client transactions to the broker-dealer. As permitted by Section 28(e) of the Securities Exchange Act of 1934, Beacon receives economic benefits as a result of commissions generated from securities transactions by the broker-dealer from the accounts of Beacon. These benefits include both proprietary research from the broker and other research written by third parties.

A conflict of interest exists when Beacon receives soft dollars. This conflict is mitigated by the fact that Beacon has a fiduciary responsibility to act in the best interest of its clients and the services received are beneficial to all clients.

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**Aggregating Securities Transactions for Client Accounts**

Beacon is authorized in its discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other Clients of Beacon. All clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rated basis.

**Item 13: Review of Accounts**

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**Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Account reviews are performed quarterly by Bret Niemuth, Chief Compliance Officer. Account reviews are performed more frequently when market conditions dictate. Financial Plans are considered complete when recommendations are delivered to the client and a review is done only upon request of client.

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**Review of Client Accounts on Non-Periodic Basis**

Other conditions that may trigger a review of clients' accounts are changes in the tax laws, new investment information, and changes in a client's own situation.

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**Content of Client Provided Reports and Frequency**

Clients receive written account statements no less than quarterly for managed accounts. Account statements are issued by the Beacon's custodian. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs.

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

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**Economic benefits provided to the Advisory Firm from External Sources and Conflicts of Interest**

Beacon receives a portion of the annual management fees collected by the third party money managers to whom Beacon refers clients.

This situation creates a conflict of interest because Beacon and/or its Investment Beacon Representative have an incentive to decide what third party money managers to use because of the higher solicitor fees to be received by Beacon. However, when referring clients to a third party money manager, the client's best interest will be the main determining factor of Beacon.

As disclosed under Item 12 above, Beacon participates in TD Ameritrade's institutional customer program and Beacon may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Beacon's participation in the program and the investment advice it gives to its Clients, although Beacon 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 Beacon 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 Beacon by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by Beacon's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Beacon but may not benefit its Client accounts. These products or services may assist Beacon in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Beacon manage and further develop its business enterprise. The benefits received by Beacon 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, Beacon endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Beacon or its related persons in and of itself creates a conflict of interest and may indirectly influence the Beacon's choice of TD Ameritrade for custody and brokerage services.

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**Advisory Firm Payments for Client Referrals**

Beacon does not compensate for client referrals.

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**Item 15: Custody****Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly. Clients are urged to compare the account statements received directly from their custodians to the performance report statements prepared by Beacon.

Beacon is deemed to have constructive custody solely because advisory fees are directly deducted from clients' accounts by the custodian on behalf of Beacon.

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**Item 16: Investment Discretion****Discretionary Authority for Trading**

Beacon accepts discretionary authority to manage securities accounts on behalf of clients. Beacon has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. Clients may impose limitations on discretionary authority for investing in certain securities or types of securities (such as a product type, specific companies, specific sectors, etc.), as well as other limitations as expressed by the client. Limitations on discretionary authority are required to be provided to the Beacon in writing.

The client approves the custodian to be used and the commission rates paid to the custodian. Beacon does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

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**Item 17: Voting Client Securities**

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**Proxy Votes**

Beacon does not vote proxies on securities. Clients are expected to vote their own proxies. The client will receive their proxies directly from the custodian of their account or from a transfer agent.

When assistance on voting proxies is requested, Beacon will provide recommendations to the client. If a conflict of interest exists, it will be disclosed to the client.

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**Item 18: Financial Information**

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**Balance Sheet**

A balance sheet is not required to be provided because Beacon does not serve as a custodian for client funds or securities and Beacon does not require prepayment of fees of more than \$1200 per client and six months or more in advance.

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**Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

Beacon has no condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

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**Bankruptcy Petitions during the Past Ten Years**

Beacon has not had any bankruptcy petitions in the last ten years.

**Item 1: Cover Page**

**SUPERVISED PERSON BROCHURE**  
FORM ADV PART 2B

Bret L. Niemuth, ChFC<sup>®</sup>, CLU<sup>®</sup>

**Beacon Capital, LLC**

**Office Address:**

375 Collins Road NE, Suite 120  
Cedar Rapids, IA 52402

Tel: 319-389-4371  
Fax: 319-409-5945

[bretniemuth@beaconcapital.net](mailto:bretniemuth@beaconcapital.net)

This brochure supplement provides information about Bret Niemuth and supplements the Beacon Capital, LLC's brochure. You should have received a copy of that brochure. Please contact Bret Niemuth if you did not receive the brochure or if you have any questions about the contents of this supplement.

Additional information about Bret Niemuth (CRD #2356735) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**JANUARY 13, 2021**

## Brochure Supplement (Part 2B of Form ADV)

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### Supervised Person Brochure

#### Principal Executive Officer

**Bret L. Niemuth, ChFC®, CLU®**

- Year of birth: 1970

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### Item 2: Educational Background and Business Experience

#### Educational Background:

- University of Wisconsin-Oshkosh; B.B.A. – Marketing and Human Resources; 1993
- University of Iowa; M.B.A. – Finance; 2000

#### Business Experience:

- Beacon Capital, LLC; Managing Member/Investment Advisor Representative; 01/2017 – Present
- Capital Design, Inc.; Owner/Insurance Agent; 05/2003 – Present
- Voya Financial Advisors, Inc.; Registered Representative/Investment Advisor Representative; 08/2014 – 11/2016
- ING Financial Partners, Inc.; Registered Representative/Investment Advisor Representative; 01/2004 – 11/2012

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### Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

Chartered Financial Consultant® (ChFC®): Chartered Financial Consultant (ChFC®) is a designation issued by the American College. ChFC® designation requirements:

- Complete ChFC® coursework within five years from the date of initial enrollment.
- Pass the exams for all required elective courses. A minimum score of 70% must be achieved to pass.
- Meet the experience requirements: Three years of full-time business experience within the five years preceding the date of the award. An undergraduate or graduate degree from an accredited educational institution qualifies as one year of business experience.
- Take the Professional Ethics Pledge.

When you achieve your CHFC® designation, you must earn 30 hours of continuing education credit every two years.

Chartered Life Underwriter (CLU®): Chartered Life Underwriter is a designation granted by the American College. CLU® designation requirements:

- Successfully complete CLU® coursework: five required and three elective courses.
- Meet the experience requirements: Three years of business experience immediately preceding the date of the use of the designation are required. An

undergraduate or graduate degree from an accredited education institution qualifies as one year of business experience.

- Take the Professional Ethics Pledge.
- When you achieve the CLU® designation, you must complete 30 hours of continuing education credit every two years.

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**Item 3: Disciplinary Information**

*Criminal or Civil Action:* Mr. Niemuth was convicted of a felony for operating a motor vehicle while intoxicated (OWI) in violation of Wisconsin statute 346.63(1)(a) in 06/2011. He was subject to ignition interlock 12 months, jail with work release 6 months, electronic monitoring 6 months, probation period of 3 years. Court assessments/fines of \$2,785.60. Paid in full by time probation ended on 06/07/2014.

*Administrative Proceeding:* None to report.

*Self-Regulatory Proceeding:* Mr. Niemuth entered into a Letter of Acceptance, Waiver and Consent ("AWC") with FINRA in April of 2018. The AWC was the result of an investigation by FINRA of Mr. Niemuth's failure to update his Form U4 to disclose his OWI charge. The AWC imposed the following sanctions: suspension from association with any FINRA member in all capacities for a period of eight months and a \$5,000 deferred fine to be paid upon re-association with a member firm, or prior to any application or request for relief from any statutory disqualification.

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**Item 4: Other Business Activities**

Bret Niemuth has a financial industry affiliated business as a licensed insurance agent. From time to time, he will offer clients advice or products from this activity. Approximately 5% of his time is spent in the insurance business which results in commissions from the sale of insurance products. He receives commissions from insurance companies on the products he sells.

This practice represents a conflict of interest because it gives Mr. Niemuth an incentive to recommend products based on the commission amount received. This conflict is mitigated by disclosures, procedures, and the firm's fiduciary obligation to place the interests of the client first and clients are not required to purchase any products. Clients have the option to purchase these products through another insurance agent of their choosing.

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**Item 5: Additional Compensation**

Mr. Niemuth receives commissions from insurance companies on the products he sells.

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**Item 6: Supervision**

Since Mr. Niemuth is the owner and Chief Compliance Officer of Beacon Capital, LLC; he is solely responsible for all supervision and formulation and monitoring of investment advice offered to clients. He will adhere to the policies and procedures as described in the firm's Compliance Manual.

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