

# Brighton Jones, LLC

SEC File Number: 801 – 57087

ADV Part 2A, Firm Brochure

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**This Brochure provides information about the qualifications and business practices of Brighton Jones, LLC (the “Registrant”). If you have any questions about the contents of this Brochure, please contact us at (206) 258-5000. 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 Brighton Jones, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Brighton Jones, LLC as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## Item 2           Material Changes

There have been no material changes made to this Brochure since the March 28, 2020 annual update filing.

**Brighton Jones’s Chief Compliance Officer, Tyler Mayfield, remains available to address any questions that an existing or prospective client may have regarding this Brochure.**

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

- A. Brighton Jones, LLC (the “Registrant”) is a limited liability company formed on December 21, 1999 in the state of Washington. The Registrant became registered as an Investment Adviser in January 2000. The Registrant is principally owned by Charles Brighton and Jon Jones.

B.

##### **WEALTH MANAGEMENT SERVICES**

The Registrant provides initial and on-going financial planning and discretionary investment advisory services on a *fee-only* basis subject to the terms and conditions of an agreement between the Registrant and the client.

Registrant’s annual investment advisory fee shall include investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Registrant), the Registrant may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

To commence the investment advisory process, an investment adviser representative will first ascertain each client’s investment objectives and then allocate or recommend that the client allocate investment assets consistent with the designated investment objectives. Once allocated, the Registrant provides ongoing monitoring and review of account performance and asset allocation as compared to client investment objectives, and may periodically execute or recommend execution of account transactions based upon such reviews.

##### **RETIREMENT PLAN SERVICES**

The Registrant provides retirement plan consulting/management services, pursuant to which it assists sponsors of self-directed retirement plans organized under the Employee Retirement Security Act of 1974 (“ERISA”). The terms and conditions of the engagement shall be set forth in an agreement between the Registrant and the plan sponsor.

If the plan sponsor engages the Registrant in an ERISA Section 3(21) capacity, the Registrant will assist with the selection and/or monitoring of investment options (generally open-end mutual funds and exchange traded funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts.

If the plan sponsor chooses to engage the Registrant in an ERISA Section 3(38) capacity, Registrant may provide the same services as described above, but may also: create specific asset allocation models that Registrant manages on a discretionary basis, which plan participants may choose in managing their individual retirement account; and/or modify the investment options made available to plan participants on a discretionary basis..

##### **COMPREHENSIVE REPORTING SERVICES**

Registrant may also provide comprehensive reporting services which can incorporate all of the client’s investment assets, including those investment assets that are not part of the assets managed by Registrant (the “Excluded Assets”). Should the client receive such

reporting services, the client acknowledges and understands that with respect to the Excluded Assets, Registrant's service is limited to reporting services only and does not include investment management, review, or monitoring services, nor investment recommendations or advice. As such, the client, and not Registrant, shall be exclusively responsible for the investment performance of the Excluded Assets. In the event the client desires that Registrant provide investment management services with respect to the Excluded Assets, the client may engage Registrant to do so for a separate and/or additional fee pursuant to the terms and conditions of a separate agreement between Registrant and the client.

### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

The Registrant may provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Before engaging the Registrant to provide planning or consulting services, clients are generally required to enter into an agreement with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services.

### **FINANCIAL WELLNESS CONSULTING**

The Registrant may enter into arrangements with employers to provide Financial Wellness seminars to their employees on issues such as educational funding; life insurance coverage; estate planning; retirement planning; and recent developments in the financial services industry or regulations. The number and frequency of the seminars is subject to negotiations between the Registrant and the employer. Before engaging the Registrant to provide Financial Wellness services, clients are required to enter into an agreement with Registrant setting forth the terms and conditions of the engagement.

### **MISCELLANEOUS**

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** As indicated above, to the extent requested by a client, Registrant may provide financial planning and related consulting services. Neither the Registrant nor its investment adviser representatives assist clients with the implementation of any financial plan, unless they have agreed to do so in writing. The Registrant does not monitor a client's financial plan, and it is the client's responsibility to revisit the financial plan with the Registrant, if desired.

The Registrant may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Registrant does not serve as an attorney or insurance agency, and no portion of its services should be construed as legal or insurance brokerage services. Accordingly, Registrant does not prepare estate planning documents or sell insurance products. To the extent requested by a client, Registrant may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance agents, etc.) including certain of the Registrant's representatives in their separate and individual capacities as Certified Public Accountants or licensed attorneys as described in Item 10.C below.

Clients are under no obligation to engage the services of any recommended professionals. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation from the Registrant. If the client engages any recommended professional, and a dispute arises thereafter relative to the engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional(s) (i.e. attorney, accountant, insurance agent, etc.), and not the Registrant, shall be responsible for the quality and competency of the services provided.

**Affiliated Private Investment Funds and Private Placement REIT.** The Registrant is the manager of Brighton Jones Growth Capital IA, LLC, a Delaware limited liability company ("LLC A"), Brighton Jones Growth Capital IB, LLC, a Delaware limited liability company ("LLC B"), Brighton Jones Venture Capital IB, LLC, a Delaware limited liability company ("LLC IB") Brighton Jones Real Estate IB, LLC ("BJ Real Estate"), Brighton Jones Investment Partners, LLC ("BJIP"), and Brighton Jones Investment Partners II, LLC (BJIP II) (LLC A, LLC B, LLC IB, BJ Real Estate, BJIP and BJIP II) are hereinafter referred to collectively as the "*Funds*").

The Registrant is also the majority owner of Blueprint Capital Services, LLC, the manager of the Blueprint Capital REIT, Inc. (the "BPC REIT"). The terms and conditions for participation in the *Funds* and the BPC REIT, including management and incentive fees, conflicts of interest, and risk factors, are set forth in the respective offering documents. **Please Note:** LLC A, LLC B, LLC IB and BJ Real Estate are closed to new investors as of 2007. The BPC REIT and BJIP continue to accept new investors.

**Unaffiliated Private Investment Funds.** Registrant may provide investment advice regarding unaffiliated private investment funds. The Registrant's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in any unaffiliated private fund will be included as part of "assets under management" for purposes of Registrant calculating its investment advisory fee. Registrant's clients are under absolutely no obligation to consider or make an investment in any unaffiliated private investment fund.

**Affiliated Fund/REIT Conflict Of Interest.** Because Registrant and/or its affiliates may earn compensation from the *Funds* and the BPC REIT that may exceed the fee that Registrant would earn under its standard asset based fee schedule referenced in Item 5 below, the recommendation that a client become a *Funds* or BPC REIT investor presents a conflict of interest. However, LLC A, LLC B, LLC IB and BJ Real Estate are closed to new investors as of 2007. The Registrant's Chief Compliance Officer remains available to address any questions regarding this conflict of interest.

**Private Investment Fund/Private Placement REIT Risk Factors.** Private investment funds and private placements generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds and private placements do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement or similar document, pursuant to which the client shall establish that he/she is qualified for investment in the fund or private

placement security, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Private Investment Fund/Private Placement REIT Valuation.** In the event that Registrant references private investment funds and/or private placement securities owned by the client on any supplemental account report prepared by the Registrant, the values for all such positions owned by the client will reflect the most recent valuation provided by the sponsor, or for fund of funds, be based on the aggregate values provided by the underlying sponsors. The current value of any private investment fund and/or private placement security could be significantly more or less than the original purchase price or the price reflected in any supplemental account report. The client's advisory fee will be based upon the values provided by the sponsor.

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

**Tax Preparation Services.** The Registrant charges a separate fee (fixed or hourly) for tax preparation services, depending upon the scope and complexity of the services required. To the extent that a client engages the Registrant to provide such services, the client shall execute a separate agreement which will detail the services to be provided and the separate fee paid by the client for those services.

**Use of Mutual Funds and Exchange Traded Funds.** While the Registrant may recommend allocating investment assets to mutual funds that are not available directly to the public, the Registrant may also recommend that clients allocate investment assets to publicly available mutual funds and exchange traded funds ("ETFs") that the client could obtain without engaging Registrant as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publicly available mutual funds and ETFs without engaging Registrant as an investment adviser, the client or prospective client would not receive the benefit of Registrant's initial and ongoing investment advisory services.

Other mutual funds, such as those issued by Dimensional Fund Advisors ("DFA"), are generally only available through registered investment advisers. Registrant may allocate client investment assets to DFA mutual funds. Therefore, upon the termination of Registrant's services to a client, restrictions regarding transferability and/or additional purchases of, or reallocation among DFA funds will apply. Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above.

**Portfolio Activity.** Registrant has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Registrant will review

client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Registrant determines that changes to a client's portfolio are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity.

**Non-Discretionary Service Limitations.** Clients that determine to engage Registrant on a non-discretionary investment advisory basis must be willing to accept that Registrant cannot effect any account transactions without obtaining prior consent to such transaction(s) from the client. Therefore, if the Registrant would like to make a transaction for a client's account (including in the event of an individual holding or general market correction), and the client is unavailable, the Registrant will be unable to effect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client's consent.

**Independent Managers.** Registrant may recommend that the client allocate a portion of a client's investment assets among unaffiliated independent investment managers ("Independent Manager(s)") in accordance with the client's designated investment objective(s). In such situations, the Independent Manager(s) will have day-to-day responsibility for the active discretionary management of the allocated assets. Registrant will continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation, and client investment objectives. The Registrant generally considers the following factors when recommending Independent Manager(s): the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated Independent Manager(s) are exclusive of, and in addition to, Registrant's ongoing investment advisory fee, subject to the terms and conditions of a separate agreement between the client and the Independent Manager(s). Registrant's advisory fee is set forth in the fee schedule at Item 5 below.

**ByAllAccounts and eMoney Advisor Platform.** In conjunction with the services provided by ByAllAccounts, Inc. and the eMoney Advisor platform, the Registrant may also provide periodic comprehensive reporting services, which can incorporate all of the client's investment assets including those investment assets that are not part of the assets managed by the Registrant (the "Excluded Assets"). The Registrant's service relative to the Excluded Assets is limited to reporting services only, which does not include investment implementation. Because the Registrant does not have trading authority for the Excluded Assets, to the extent applicable to the nature of the Excluded Assets (assets over which the client maintains trading authority vs. trading authority designated to another investment professional), the client (and/or the other investment professional), and not the Registrant, shall be exclusively responsible for directly implementing any recommendations relative to the Excluded Assets. The client and/or their other advisors that maintain trading authority, and not the Registrant, shall be exclusively responsible for the investment performance of the Excluded Assets. Without limiting the above, the Registrant shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that the Registrant provide non-discretionary investment management services (whereby the Registrant would have trading authority) with respect to the Excluded Assets, the client may engage the Registrant

to do so pursuant to the terms and conditions of the *Investment Advisory Agreement* between the Registrant and the client.

The eMoney platform also provides access to other types of information, including financial planning concepts, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by Registrant. Finally, Registrant shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the eMoney platform without Registrant's assistance or oversight.

**Cash and Cash Equivalents.** Depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), the Registrant may maintain cash and cash equivalent positions (such as money market funds) for defensive and liquidity purposes. Unless otherwise agreed in writing, all such cash positions are included as part of assets under management for purposes of calculating the Registrant's investment advisory fee.

**Client Obligations.** The Registrant will not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely on the information in its possession. Clients are responsible for promptly notifying the Registrant if there is ever any change in their financial situation or investment objectives so that the Registrant can review, and if necessary, revise its previous recommendations or services.

**Disclosure Statement.** A copy of the Registrant's written Brochure and Client Relationship Summary, as set forth on Part 2 of Form ADV and Form CRS respectively, shall be provided to each client prior to, or contemporaneously with, the execution of the applicable form of client agreement.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Before providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.
- D. The Registrant does not participate in a wrap fee program.
- E. As of As of December 31, 2020, the Registrant had \$8,355,071,502 in assets under management on a discretionary basis and \$88,185,838 in assets under management on a non-discretionary basis.

## **Item 5            Fees and Compensation**

A.

### **WEALTH MANAGEMENT SERVICES**

Registrant's annual investment advisory fee shall include investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation



services (to be determined in the sole discretion of the Registrant), the Registrant may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

The Registrant's annual investment advisory fee generally ranges between 0.35% and 1.25% of total assets placed under Registrant's management.

Registrant's fee shall vary depending upon various objective and subjective factors, including but not limited to: the representative assigned to the account, the amount of assets to be invested, the complexity of the engagement, the anticipated number of meetings and servicing needs, related accounts, future earning capacity, anticipated future additional assets, and negotiations with the client. As a result, similar clients could pay different fees, which will correspondingly impact a client's net account performance. Moreover, the services to be provided by the Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

#### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

Registrant's planning and consulting fees are negotiable, but generally range from \$2,000 to \$15,000 on a fixed fee basis, and from \$150 to \$300 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

#### **RETIREMENT PLAN SERVICES**

The Registrant also provides retirement plan / pension consulting services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts.

The terms and conditions of the retirement plan / pension consulting services engagement, including the negotiable fee, shall be set forth in an agreement between the Registrant and the plan sponsor.

#### **FINANCIAL WELLNESS CONSULTING**

The Registrant charges Financial Wellness Consulting Fees, which vary from engagement to engagement. Typically, these engagements involve a fixed fee (generally ranging between \$5,000 and \$25,000) and an hourly component (generally ranging between \$150 and \$300 per hour) subject to the terms and conditions of the agreement between the client and the Registrant. The total fees for Financial Wellness Consulting services will vary depending on the number of seminars, length of the seminars, the number of employees participating in the program and the professional providing the service.

- B. Clients may elect to have the Registrant's advisory fees and any other fees deducted from their custodial account. The applicable form of agreement between the Registrant and the client, and the custodial/clearing agreement may authorize the custodian to debit the client's account for the amount of the Registrant's investment advisory fee and to directly remit that fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice.

- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that TD Ameritrade, Inc. ("TD") or Fidelity Investments ("Fidelity") serve as the broker-dealer/custodian for client investment management assets.

Broker-dealers such as *TD* and *Fidelity* charge brokerage commissions and/or transaction fees for effecting certain securities transactions. In addition, client accounts may invest in mutual funds (including money market funds) and ETFs that have various internal fees and expenses (i.e. management fees), which are paid by these funds but ultimately borne by clients as a fund shareholder. The fees charged by the applicable broker-dealer/custodian, and the internal fees and expenses imposed at the fund level, are in addition to Registrant's investment advisory fees referenced in this Item 5.

- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter, including any accrued interest. The applicable form of agreement between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of such agreement.

Upon termination, the Registrant shall refund any unearned portion of the advance advisory fee based upon the number of days that services were provided during the final billing quarter (as applicable).

- E. Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

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

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

## **Item 7            Types of Clients**

The Registrant's clients generally include: individuals, high net worth individuals, pooled investment vehicles, pension and profit sharing plans, charitable organizations, business entities, and trusts. The Registrant generally requires a minimum quarterly fee of \$2,500.00 but may, in its sole discretion, waive or reduce its minimum quarterly fee.

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

- A. The Registrant may utilize the following methods of security analysis:
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
  - Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
  - Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

The Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Margin Transactions (use of borrowed assets to purchase financial instruments)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

**Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear, including the loss of principal investment. Past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Registrant) will be profitable or equal any specific performance level(s).

Investment strategies such as asset allocation, diversification, or rebalancing do not assure or guarantee better performance and cannot eliminate the risk of investment losses. There is no guarantee that a portfolio employing these or any other strategy will outperform a portfolio that does not engage in such strategies. While asset values may increase and client account values could benefit as a result, it is also possible that asset values may decrease and client account values could suffer a loss.

Investors generally face the following types of investment risks:

- **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 may be caused by external factors independent of the fund's specific investments as well as due to the fund's specific investments. Additionally, each security's price will fluctuate based on market movement and emotion, which may, or may not be due to the security's operations or changes in its true value. For example, political, economic and social conditions may trigger market events which are temporarily negative, or temporarily positive.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **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.
- **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.

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks. However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, the Registrant may - on a case by case basis - also implement and/or recommend - use of margin and/or options transactions. Each of these strategies has a high level of inherent risk. (See discussion below).

Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security using margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin.

To the extent that a client authorizes the use of margin, and margin is thereafter employed by the Registrant in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to the Registrant may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the conflict of interest whereby the client's decision to employ margin may correspondingly increase the management fee payable to the Registrant. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by the Registrant shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio.

Although the intent of the options-related transactions that may be implemented by the Registrant is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal

risks associated with such strategies. In light of these enhanced risks, client may direct the Registrant, in writing, not to employ any or all such strategies for their accounts.

For detailed information on the use of options and option strategies, please refer to the Option Clearing Corp.'s Option Disclosure Document, which can be found at: <http://www.optionsclearing.com/components/docs/riskstoc.pdf>

Hard copies may be ordered by calling 1-888-678-4667 or writing OCC, 1 North Wacker Drive, Suite 500 Chicago, IL 60606.

- C. Currently, the Registrant primarily allocates client investment assets among various debt (bonds and bond funds) and fixed income securities, individual equities, mutual funds, and/or ETFs on a discretionary or non-discretionary basis in accordance with the client's designated investment objective(s). The Registrant may also allocate client investment assets among one or more asset allocation strategies.

Registrant may also allocate and/or recommend a client allocate investment assets in Real Estate Investment Trusts ("REITs"). REITs are subject to risks generally associated with investing in real estate, such as: possible declines in the value of real estate; adverse general and local economic conditions; possible lack of availability of mortgage funds; changes in interest rates; and environmental problems. In addition, REITs are subject to certain other risks related specifically to their structure and focus such as: dependency upon management skills; limited diversification; the risks of locating and managing financing for projects; heavy cash flow dependency; possible default by borrowers; the costs and potential losses of self-liquidation of one or more holdings; the possibility of failing to maintain exemptions from securities registration; and, in many cases, relatively small market capitalization, which may result in less market liquidity and greater price volatility.

Registrant's asset allocation strategies have been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, such as Registrant's asset allocation programs, with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is applicable to Registrant's management of client assets:

1. Initial Interview – at the opening of the account, the Registrant, through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
2. Individual Treatment - the account is managed on the basis of the client's financial situation and investment objectives;
3. Quarterly Notice – at least quarterly the Registrant shall notify the client to advise the Registrant whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
4. Annual Contact – at least annually, the Registrant shall contact the client to determine whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
5. Consultation Available – the Registrant shall be reasonably available to consult with the client relative to the status of the account;

6. Quarterly Report – the client shall be provided with a quarterly report for the account for the preceding period;
7. Ability to Impose Restrictions – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct the Registrant not to purchase certain mutual funds;
8. No Pooling – the client’s beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account;
9. Separate Account - a separate account is maintained for the client with the Custodian;
10. Ownership – each client retains indicia of ownership of the account (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

The Registrant believes that its annual investment advisory fee is reasonable in relation to: (1) the advisory services provided under the applicable form of agreement between the client and the Registrant; and (2) the fees charged by other investment advisers offering similar services/programs. However, Registrant’s annual investment advisory fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to Registrant’s annual investment advisory fee, the client will also incur charges imposed directly at the mutual and ETF level (e.g., management fees and other fund expenses). **Turnover Risk:** Registrant’s investment programs may involve above-average portfolio turnover which could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account.

## **Item 9            Disciplinary Information**

The Registrant has not been the subject of any disciplinary actions.

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

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Certified Public Accountants.** Certain individuals within the Registrant are also Certified Public Accountants. In the event that clients choose to engage these individuals to provide accounting services, those services shall be provided in the individual’s separate capacity as a CPA. Registrant shall not receive any portion of the fees charged (referral or otherwise) by the individual CPAs for accounting services rendered.

Although the Registrant offers tax preparation services and receives compensation, such services provided through the Registrant are not provided in any individual’s capacity as a CPA.

**Brighton Jones Tax Advisory Group, LLC.** The Registrant is affiliated with Brighton Jones Tax Advisory Group, LLC (“TAG.”), a certified public accounting firm. Specifically,

to the extent that *TAG* provides accounting and/or tax preparation services to any clients, including clients of the Registrant, all such services shall be performed by *TAG*, in its professional capacity, independent of the Registrant, for which services Registrant shall not receive any portion of the fees charged by *TAG* as a referral.

It is expected that the members of *TAG*, solely incidental to their respective practices as Certified Public Accountants with *TAG*, shall recommend the Registrant's services to certain of *TAG*'s clients. No client is under any obligation to engage *TAG* for accounting services. Clients are reminded that they may engage other non-affiliated accounting firms to provide these services.

**BPC REIT and Blueprint Capital Services.** The Registrant is the majority owner of Blueprint Capital Services, LLC ("Blueprint"), the manager of the BPC REIT. Blueprint provides management services on a fee basis to the BPC REIT.

Because Registrant and/or its affiliates may earn compensation from the BPC REIT that may exceed the fee that Registrant would earn under its standard asset based fee schedule referenced in Item 5 above, the recommendation that a client become a BPC REIT investor presents a conflict of interest. **The Registrant's Chief Compliance Officer remains available to address any questions regarding this conflict of interest.**

**Brighton Jones Real Estate Advisors, LLC.** Certain of the Registrant's supervised persons are also, in their separate and individual capacities, licensed real estate brokers. These individuals may be engaged, in their individual capacities as licensed real estate brokers, through Brighton Jones Real Estate Advisors, LLC ("BJREA"). In the event that clients choose to engage these individuals to provide real estate services, those services shall be provided through BJREA pursuant to a separate agreement.

Because BJREA is Registrant's affiliate, the recommendation that a client engage the services of BJREA presents a conflict of interest. **The Registrant's Chief Compliance Officer remains available to address any questions regarding this conflict of interest.**

**2030 Law.** Certain of the Registrant's supervised persons are also, in their separate and individual capacities, licensed attorneys. These individuals offer their legal services, as part of 2030 Law, separate and apart from the Registrant. Clients may engage these individuals to provide legal services.

In the event that clients choose to engage these individuals to provide legal services, services shall be provided through 2030 Law pursuant to a separate engagement. The Registrant shall not receive any portion of the fees paid to 2030 Law in conjunction with the services rendered pursuant to that separate engagement.

- D. The Registrant does not receive, directly or indirectly, compensation from investment advisers that it recommends or selects for its clients.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to

establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. As disclosed above, Registrant and/or its affiliates have a financial interest in the *Funds*. The terms and conditions for participation in the *Funds*, including management fees, conflicts of interest, and risk factors, are set forth in the *Funds*' offering documents. **Please Note:** LLC A, LLC B, LLC IB and BJ Real Estate are closed to new investors as of 2007.
- C. The Registrant and/or representatives of the Registrant may buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons". The Registrant's securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects. Furthermore, Registrant requires all employees and owners to report equity transactions on a quarterly basis.

- D. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above in Item 11.C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

## **Item 12 Brokerage Practices**

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at *TD* or *Fidelity*. Prior to engaging Registrant to provide investment management services, the client will be



required to enter into a formal agreement with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/ custodian.

Factors that the Registrant considers in recommending *TD* or *Fidelity* (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including, but not limited to, the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment advisory fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Fidelity Wealth Advisor Solutions® Program.

The Registrant participates in the Fidelity Wealth Advisor Solutions® Program, which is a referral program designed to introduce high net worth investors to independent registered investment advisors. Except for the fees discussed in Item 14 below, the Registrant does not pay a fee to participate in the Wealth Advisor Solutions® Program. The Registrant's participation in the program may raise conflicts of interest as described below, including that the Registrant is incentivized to recommend that clients custody asset with *Fidelity* or its affiliates.

Non-Soft Dollar Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant receives from *TD* or *Fidelity* (and could potentially receive from other broker-dealers, custodians, investment platforms, unaffiliated investment managers, vendors, or fund sponsors) free or discounted support services and products. Certain of these products and services assist the Registrant to better monitor and service client accounts maintained at these institutions. The support services that Registrant obtains can include: investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or free consulting services, discounted or free gratis travel and attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

Certain of the support services or products may assist the Registrant in managing and administering client accounts. Others do not directly provide this assistance, but rather assist the Registrant to manage and further develop its business enterprise. Registrant's clients do not pay more for investment transactions effected or assets

maintained at *TD* or *Fidelity* or other broker-dealers and custodians because of these arrangements. There is no corresponding commitment made by the Registrant to any broker-dealer or custodian or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products because of the above arrangements.

#### Additional Benefits

Registrant receives certain additional economic benefits (“Additional Benefits”) from a broker-dealer/custodian, investment platform, and/or mutual fund sponsor (collectively, the “Contributing Entities”) that may or may not be offered to the Registrant again in the future. Specifically, the Additional Benefits include financial contributions made by the Contributing Entities towards the cost of charitable and/or marketing events sponsored by the Registrant. Each payment is non-recurring and individually negotiated. Registrant and the Contributing Entities have not entered into any written agreement to govern the Additional Benefits. Contributing Entities, including *Fidelity* and *DFA*, have provided combined Additional Benefits of \$130,000 last year and will likely provide approximately \$85,000 this year. The Registrant has no expectation that these Additional Benefits will be offered again; however, the Registrant reserves the right to negotiate for these Additional Benefits in the future. The Contributing Entities provide the Additional Benefits to Registrant in their sole discretion and at their own expense, and neither the Registrant nor its clients pay any fees to the Contributing Entities to compensate for the Additional Benefits.

**The Registrant’s Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangements.**

2. As set forth in Item 12.A.1, the Registrant receives client referrals from *Fidelity* for its participation in the Fidelity Wealth Advisor Solutions® Program. Please also refer to Item 14.B. below for more information about this arrangement.

**The Registrant’s Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

3. Directed Brokerage.

The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to “batch” the client’s transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, a client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs Registrant to effect securities transactions for the client’s accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be

available through Registrant. Higher transaction costs adversely impact account performance.

Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

**The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangements.**

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to seek best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

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

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1 above, the Registrant receives certain benefits from both *TD* and *Fidelity* including support services and/or products. Registrant's clients do not pay more for investment transactions effected and/or assets maintained at *TD* or *Fidelity* as a result of this arrangement. There is no corresponding commitment made by the Registrant to *TD* or *Fidelity* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of

the above arrangement. **The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangements.**

- B. If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment advisory fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of their solicitor relationship, and shall provide each prospective client with a copy of the Registrant's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Registrant and the solicitor, including the compensation to be received by the solicitor from the Registrant.

Fidelity Wealth Advisor Solutions®. In addition to the above, Registrant participates in the Fidelity Wealth Advisor Solutions® Program (the "WAS Program"), through which Registrant receives referrals from Fidelity Personal and Workplace Advisors LLC ("FPWA"), a registered investment adviser and Fidelity Investments company. Registrant is independent and not affiliated with FPWA or any Fidelity Investments company. FPWA does not supervise or control Registrant, and FPWA has no responsibility or oversight for Registrant's provision of investment management or other advisory services.

Under the WAS Program, FPWA acts as a solicitor for Registrant, and Registrant pays referral fees to FPWA for each referral received based on Registrant's assets under management attributable to each client referred by FPWA or members of each client's household. The WAS Program is designed to help investors find an independent investment advisor, and any referral from FPWA to Registrant does not constitute a recommendation or endorsement by FPWA of Registrant's particular investment management services or strategies. More specifically, Registrant pays the following amounts to FPWA for referrals: the sum of (i) an annual percentage of 0.10% of any and all assets in client accounts where such assets are identified as "fixed income" assets by FPWA and (ii) an annual percentage of 0.25% of all other assets held in client accounts. In addition, Registrant has agreed to pay FPWA an annual program fee of \$50,000 to participate in the WAS Program. These referral fees are paid by Registrant and not the client.

To receive referrals from the WAS Program, Registrant must meet certain minimum participation criteria, but Registrant may have been selected for participation in the WAS Program as a result of its other business relationships with FPWA and its affiliates, including Fidelity Brokerage Services, LLC ("FBS"). As a result of its participation in the WAS Program, Registrant has a **conflict of interest** with respect to its decision to use certain affiliates of FPWA, including FBS, for execution, custody and clearing for certain client accounts, and Registrant has incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to Registrant as part of the WAS Program. Under an agreement with FPWA, Registrant has agreed that it will not charge clients more than the standard range of advisory fees disclosed in this Form ADV 2A Brochure to cover solicitation fees paid to FPWA as part of the WAS Program. Pursuant to these arrangements, Registrant has agreed not to solicit clients to transfer their brokerage accounts from affiliates of FPWA or establish brokerage accounts at other custodians for referred clients other than when Registrant's fiduciary duties would so require, and

Registrant has agreed to pay *FPWA* a one-time fee equal to 0.75% of the assets in a client account that is transferred from *FPWA*'s affiliates to another custodian; therefore, Registrant has an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of *FPWA*, which presents a **conflict of interest**. However, participation in the WAS Program does not limit Registrant's duty to select brokers on the basis of best execution.

## **Item 15           Custody**

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

The account custodian does not verify the accuracy of the Registrant's advisory fee calculation. To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian.

The Registrant engages in other practices and/or services on behalf of its clients that require disclosure at the Custody section of Part 1 of Form ADV, which practices and/or services are subject to an annual surprise CPA examination in accordance with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940. The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding custody-related issues.

## **Item 16           Investment Discretion**

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, the client shall be required to execute an agreement, naming the Registrant as the client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at any time, impose restrictions, in writing, on the Registrant's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

## **Item 17           Voting Client Securities**

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions,

tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Registrant will not be responsible, and each client has the right and responsibility to take any action, and the right to initiate or pursue any legal proceeding with respect to: transactions, securities or other investments held in the client's account or the issuers thereof. Registrant is not obligated to render any advice or take any action on a client's behalf with respect to the above.

- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

## **Item 18      Financial Information**

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

**The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**