

## **Firm Brochure**

(Part 2A of Form ADV)



# **BaerWealth**

**LIFE MATTERS MOST**

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This brochure provides information about the qualifications and business practices of Baer Wealth Management. 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 770-984-2312 or by email [kbaer@baerwealth.com](mailto:kbaer@baerwealth.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

Additional information about Baer Wealth Management (IARD#150555) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**March 3, 2021**

Baer Wealth Management

## **Item 2: Material Changes**

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

This filing is in accordance with the annual filing requirements for Registered Investment Advisors. Since the last filing of this brochure on April 6, 2020, the following has been updated:

- Item 4 has been updated to reflect the current assets under management calculation.
- The fee schedule in Item 5 has been updated.
- Information regarding Standing Letters of Authorization has been added to Item 15.

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at 770-984-2312 or by email at [kbaer@baerwealth.com](mailto:kbaer@baerwealth.com).

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## Item 4: Advisory Business

Molly B. Investment Group, LLC doing business as Baer Wealth Management (“BWM”) or Baer Wealth was formed in 2000 under the name of Baer-Dressler, LLC and in 2009 changed its name to Baer Wealth Management, LLC. Molly E. Baer is the principal owner.

### Types of Advisory Services

#### PORTFOLIO MANAGEMENT

BWM offers discretionary asset management services to advisory Clients. BWM will offer Clients ongoing asset 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 BWM discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement.

If client impose any written restrictions on BWM in the management of the client’s investment portfolios, the client has been notified such restrictions may adversely affect the composition and performance of the client’s investment portfolio.

Agreements may not be assigned without written client consent.

#### ALTERNATIVE INVESTMENTS

BWM may provide investment advice and due diligence about certain privately-issued securities for those clients who represent they are accredited investors and who otherwise meet certain investor standards. (To qualify as an accredited investor, you must have a net worth, not including your primary residence of at least \$1 million; or have an income exceeding \$200,000 in each of the two most recent years or joint income with a spouse exceeding \$300,000 for those years and a reasonable expectation of the same income level in the current year.) BWM will collect all available information—marketing materials, auditing reports, balance sheets, offering memorandum, subscription agreement, review historical records and access opportunities and risks for investment now and for the years ahead. Prepare and seek answers to relevant due diligent questions. Interview manager and/or make site visit. Consider the time horizon and the sponsor’s strength over an extended period of time. Due diligence will continue throughout the duration of the investment. BWM will meet with the client at least on an annual basis for the duration of the investment.

The fees for these services are detailed in Item 5 of this brochure.

#### ERISA PLAN SERVICES

BWM 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. BWM may act as either a 3(21) or 3(38) advisor:

**Limited Scope ERISA 3(21) Fiduciary.** BWM may serve 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 BWM 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 BWM 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. BWM 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 BWM’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, BWM is not providing fiduciary advice as defined by ERISA 3(21)(A)(ii) to the Plan participants. Advisor 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.

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

3. BWM has no responsibility to provide services related to the following types of assets (“Excluded Assets”):

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

Excluded Assets will **not** be included in calculation of Fees paid to BWM on the ERISA Agreement.

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

**3(38) Investment Manager.** BWM can also act as an ERISA 3(38) Investment Manager in which it has discretionary management and control of a given retirement plan's assets. BWM would then become solely responsible and liable for the selection, monitoring and replacement of the plan's investment options.

1. Fiduciary Services are:

- BWM has discretionary authority and will make the final decision regarding the initial selection, retention, removal and addition of investment options in accordance with the Plan's investment policies and objectives.
- Assist the Client with the selection of a broad range of investment options consistent with ERISA Section 404(c) and the regulations thereunder.
- Assist the Client in the development of an investment policy statement ("IPS"). The IPS establishes the investment policies and objectives for the Plan.
- Provide 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).

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 the BWM'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 BWM is not providing fiduciary advice as defined by ERISA to the Plan participants. BWM 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.

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

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

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

Excluded Assets will **not** be included in calculation of Fees paid to the Adviser on the ERISA Agreement.

As of December 31, 2020, BWM had approximately \$187,618,000 of client assets under management on a discretionary basis and \$0 on a non-discretionary basis.

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

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

#### **PORTFOLIO MANAGEMENT**

BWM offers discretionary direct asset management services to advisory Clients. BWM charges an annual investment advisory fee based on the total assets under management as follows:

<b>From</b>	<b>To</b>	<b>Annual Fee</b>	<b>Quarterly Fee</b>
\$0	\$2,000,000	1.00%	0.25%
\$2,000,001	\$5,000,000	0.80%	0.20%
\$5,000,001	\$10,000,000	0.50%	0.125%
\$10,000,001	+	0.35%	0.0875%

This is a blended fee schedule; the asset management fee is calculated by applying different rates to different portions of the portfolio. BWM may group certain related Client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

#### **End of the Quarter Balance Example**

A Client with \$3,000,000 under management would pay \$7,000 on a quarterly basis.

First \$2,000,000 x .0025 = \$5,000

Next \$1,000,000 x .001875 = \$2,000

There will be a minimum annual fee of \$5,000 or 3% whichever is lower.

The annual fee may be negotiable. Fees are billed quarterly in advance based on the amount of assets managed as of the last business day of the quarter, 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. Quarterly advisory fees deducted from the clients' account by the custodian will be reflected in the client's brokerage statement provided 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. BWM or the client may terminate advisory services at any time with written notice as disclosed in the Investment Advisory Agreement. In the event of termination, any paid but unearned fees will be refunded to the client. Client shall be given thirty (30) days prior written notice of any increase in fees.

#### **ALTERNATIVE INVESTMENTS**

BWM will charge clients a fee of no more than 2% annually based on assets held in the selected alternative investments for accounts up to \$15,000,000. Over \$15,000,000 fees are negotiable.

The annual Fee may be negotiable. Fees are billed quarterly in advance based on the amount of assets in the account as of the last business day of the quarter. Quarterly advisory fees deducted from the clients' account by the custodian will be reflected in the client's brokerage statement

provided by the custodian. Lower fees for comparable services may be available from other sources.

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 PLAN SERVICES**

The annual fees are based on the market value of the Included Assets and will not exceed 1.25%. Fees may be charged quarterly or monthly in arrears or in advance 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 quarter or month. If the services to be provided start any time other than the first day of a quarter or month, the fee will be prorated based on the number of days remaining in the quarter or month. If this Agreement is terminated prior to the end of the fee period, BWM shall be entitled to a prorated fee based on the number of days during the fee period services were provided or Client will be due a prorated refund of fees for days services were not provided in the billing cycle.

The fee schedule, which includes compensation of BWM 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. BWM does not reasonably expect to receive any additional compensation, directly or indirectly, for its services under this Agreement. If additional compensation is received, BWM will disclose this compensation, the services rendered, and the payer of compensation. BWM will offset the compensation against the fees agreed upon under this Agreement.

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

Investment management fees are billed quarterly in advance, meaning that we invoice you before the billing period. 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.

BWM, in its sole discretion, may waive its maximum 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.).

#### **Additional Client Fees Charged**

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

#### **Prepayment of Client Fees**

Investment management fees are billed quarterly in advance.

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

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



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

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

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

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

BWM generally provides financial and investment advice to individuals, high net worth individuals and pension and profit sharing plans and these client relationships vary in scope and length of service.

The minimum portfolio value is generally set at \$500,000. BWM reserves the right to accept accounts with lower assets balances. Minimum annual fees may apply. BWM or a Manager may, at its discretion, make exceptions to the foregoing or negotiate special fee arrangements where BWM or the Manager deems it appropriate under the circumstance.

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

Security analysis methods may include fundamental analysis, technical analysis, and cyclical analysis. 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. Cyclical analysis involves analyzing the cycles of the market.

Based on BWM's review of the investment philosophy of each Manager, its performance in various market conditions, its personnel, and its fees structure and the client's objectives, BWM chooses the appropriate Manager(s). BWM makes no claims or guarantees as to the future performance of the Manager(s).

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.

Fundamental analysis may involve interest rate risk, market risk, business risk, and financial risk. Risks involved in technical analysis are inflation risk, reinvestment risk, and market risk. Cyclical analysis involves inflation risk, market risk, and currency risk.

BWM generally follows a long-term strategy, meaning it will purchase securities with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year. BWM also generally selects Managers who follow a similar strategy.

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 BWM:

- *Management Risk:* The overall risk that the investment choices of the person(s) managing the client portfolio may underperforms to their relevant benchmarks causing the overall performance of the account to also underperform.

- *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.

### **Item 9: Disciplinary Information**

In the last ten (10) years, BWM and its management have not been involved in any criminal or civil action or have not been involved in legal or disciplinary events related to past or present investment clients.

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

Neither BWM nor its employees are registered representatives of a broker-dealer or registered or has an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

As part of the services of BWM, Kenneth Baer is a licensed insurance agent. From time to time, they will offer clients services from those activities and receive commission for the sale of the insurance products. Less than 10% of their time is spent in the insurance practices.

As part of the services of BWM, Kenneth Baer will receive a due diligence fee for researching appropriate tax saving strategies for clients. He spends about 5% of his time in this practice.

These represent a conflict of interest because it gives an incentive to recommend products and services based on the commission and/or fee amount received. This conflict is mitigated by disclosures, procedures, and the firm's Fiduciary obligation to place the best interest of the clients first and clients are not required to purchase any products or services. Clients have the option to purchase these products or services through another insurance agent or tax professional of their choosing.

BWM does not utilize the services of Third Party Money Managers to manage client accounts.

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

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

One area 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.

BWM'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 BWM 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.

BWM's Code is based on the guiding principle that the interests of the client are our top priority. BWM'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 to any client or prospective client upon request.

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

BWM 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 BWM with copies of their brokerage statements.

The Chief Compliance Officer of BWM is Kenneth Baer. He reviews all employee trades each month. 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. While most

employee trades are in products such as mutual funds, government securities, bonds or are small in size, they may still impact the securities markets.

BWM 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.

## **Item 12: Brokerage Practices**

BWM may recommend the use of a particular broker-dealer such as TD Ameritrade Institutional a Division of TD Ameritrade, Inc., Member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member or may utilize a broker-dealer of the Client's choosing. BWM will select appropriate brokers based on a number of factors including but not limited to their relatively low transaction fees and reporting ability. BWM 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 BWM.

BWM participates in the TD Ameritrade Institutional program. TD Ameritrade is an independent SEC-registered broker-dealer and is not affiliated with BWM. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. BWM 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 BWM to use a certain broker-dealer, BWM still has a fiduciary duty to its clients. The following may apply with Directed Brokerage: BWM's inability to negotiate commissions, to obtain volume discounts, there may be a disparity in commission charges among clients, and potential conflicts of interests arising from brokerage firm referrals.

- *Best Execution*

Investment advisors who manage or supervise client portfolios on a discretionary basis 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 arrangements under which products or services other than execution services are obtained by BWM 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, BWM receives economic benefits as a result of commissions generated from securities transactions by the broker-dealer from the accounts of BWM. These benefits include both proprietary research from the broker and other research written by third parties.

BWM does not receive any soft dollar benefits.

BWM 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 BWM. 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**

Account reviews are performed at least quarterly by Investment Advisor Representatives of BWM. Account reviews are performed more frequently when market conditions dictate.

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.

Clients receive account statements no less than quarterly for managed accounts. Account reports are issued by the Advisor'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**

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

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

BWM will, from time to time, enter into agreements with individuals and organizations, which may be affiliated or unaffiliated with BWM, that refer clients to BWM in exchange for compensation. All such agreements will be in writing and comply with the requirements of

Federal or State regulation. If a client is introduced to BWM by a solicitor, BWM may pay that solicitor a fee. While the specific terms of each agreement may differ, generally, the compensation will be based upon BWM's engagement of new clients and is calculated using a varying percentage of the fees paid to BWM by such clients. Any such fee shall be paid solely from BWM's investment management fee, and shall not result in any additional charge to the client.

Each prospective client who is referred to BWM under such an arrangement will receive a copy of this brochure and a separate written disclosure document disclosing the nature of the relationship between the solicitor and BWM and the amount of compensation that will be paid by BWM to the solicitor. The solicitor is required to obtain the client's signature acknowledging receipt of BWM's disclosure brochure and the solicitor's written disclosure statement.

### **Item 15: Custody**

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 BWM.

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

BWM is also deemed to have limited custody due to its Third-Party Standing Letters of Authorization ("SLOA").

BWM and its qualified custodian meet the following seven (7) conditions in order to avoid maintaining full custody and be subject to the surprise exam requirement:

1. The Client provides an instruction to the qualified custodian, in writing, that includes the Client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
2. The Client authorizes BWM, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
3. The Client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the Client's authorization and provides a transfer of funds notice to the Client promptly after each transfer.
4. The Client has the ability to terminate or change the instruction to the Client's qualified custodian.
5. BWM has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the Client's instruction.
6. BWM maintains records showing that the third party is not a related party nor located at the same address as BWM.
7. The Client's qualified custodian sends the Client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

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

BWM requires discretionary authority to manage securities accounts on behalf of Clients. BWM 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. The client will authorize BWM discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement.

BWM allows Client's to place certain restrictions, as outlined in the Client's Investment Policy Statement or similar document. Such restrictions could include only allowing purchases of socially conscious investments. These restrictions must be provided to BWM in writing.

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

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

BWM 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, BWM generally does not research particular proxy proposals.

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

A balance sheet is not required to be provided because BWM does not serve as a custodian for client funds or securities and BWM does not require prepayment of fees of more than \$1,200 per client and six months or more in advance.

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

Neither BWM nor its management has had any bankruptcy petitions in the last ten years.