



Form ADV Part 2A

**Brochure**

7191 Wagner Way NW, Suite 301

Gig Harbor, WA 98335

253.534.8888

[www.BHJadvisors.com](http://www.BHJadvisors.com)

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This brochure provides information about the qualifications and business practices of Brooks, Hughes & Jones, Inc. (doing business as BHI Wealth Advisors).

If you have questions about the contents of this brochure, please contact us at 253.534.8888 or [contact@bhjadvisors.com](mailto:contact@bhjadvisors.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 BHI Wealth Advisors is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registering as an investment adviser does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

Since the previous updating amendment of Brooks, Hughes & Jones on October 30, 2020, the following material changes have been applied to Form ADV Part 2A.

- Updates were applied to Item 5 (Third-Party Investment Manager Fees)

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## Item 4 – Our Advisory Business

BHJ Wealth Advisors is a registered investment adviser located in Gig Harbor, Washington. Two principals, Gary Brooks and Allyn Hughes each own one half of the firm. The firm was founded in October 2009. BHJ Wealth Advisors is a registered investment adviser with the Securities and Exchange Commission and has no subsidiaries or other businesses.

We provide the following advisory services for our clients:

### **INVESTMENT ADVISORY / MANAGEMENT**

BHJ Wealth Advisors manages Investment Advisory accounts primarily holding no-load mutual funds, exchange-traded funds, individual stocks and/or bonds. We have discretionary authority to manage all of our clients' investment accounts. As of December 31, 2020, BHJ manages a total of \$142,071,013.00 under discretionary basis and \$0.00 under non-discretionary basis.

Through a detailed and ongoing client discovery process, we examine the personal and financial situation, investment time horizon, experience, risk tolerance and goals of the client. Most clients receive a thorough financial plan before any investments are made. We then work from an Investment Policy Statement to recommend a diversified mix of investments aligned with the clients' best interests. We do not limit our advice to any specific securities or investments.

Upon client approval, these recommendations are implemented and monitored. We determine investment strategy and make ongoing decisions based on strategic allocations of the money across various global asset classes. We revise investments as appropriate given the client's objectives, current market and economic conditions, and changes in the management of specific investments. We do not use technical market indicators to time market entry and exit points when managing accounts. We do not participate in wrap-fee accounts. However, in select situations, we utilize third-party investment managers as described in Item 8.

In addition to customized investment portfolios, we offer an automated investment program through which clients are invested in strategies we have constructed and manage, each consisting of a portfolio of exchange-traded funds and a cash allocation. We use the Institutional Intelligent Portfolios® platform, offered by Schwab Performance Technologies (SPT), to operate the program. The client's portfolio is held in an account opened by the client at Charles Schwab & Co., Inc (Schwab). We are independent of and not owned by, affiliated with, or sponsored or supervised by SPT, Schwab, or their affiliates. We, and not Schwab, are the client's investment advisor and primary point of contact with respect to the program. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of the program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals, and managing that portfolio on an ongoing basis. We have contracted with SPT to provide us with the platform, which consists of technology and related trading and account management services. The platform enables us to make the program available to clients online and includes a system that automates certain key parts of our investment process. Based on information the client provides to us, we will recommend a portfolio via the system. The system also includes an automated investment engine through which we manage the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

### **FINANCIAL PLANNING / CONSULTING**

For a negotiated project-based fee we may be retained to provide financial planning services. Comprehensive financial planning is included at no cost for ongoing investment management clients with more than \$500,000 managed by BHJ Wealth Advisors. Financial planning may include, but is not limited to, asset allocation recommendations for accounts that BHJ Wealth Advisors does not manage, retirement income

analysis, college savings, insurance needs assessment, employee benefits maximization, and non-legal aspects of estate planning and taxation.

In some cases, implementing the recommendations of the financial plan may result in a conflict of interest as BHJ Wealth Advisors could receive commissions in addition to the financial plan fee. This is particular to the sale of insurance products (life, disability and long-term care). The Client is under no obligation to act on the recommendation presented. If the Client chooses to act on the recommendation, there is no obligation to execute the transaction through BHJ Wealth Advisors.

#### **NON-SECURITIES RELATED ADVICE**

We often assist clients with cash flow management and a variety of other financial decisions that do not pertain to securities holdings or transactions. Among these services is the purchase of life, disability and/or long-term care insurance and multi-generational wealth transfer planning.

## **Item 5 – Fees and Compensation**

### **BHJ WEALTH MANAGEMENT CLIENTS**

We practice fee-only investment management. Fees are based on a percentage of the assets that we manage. These fees are calculated quarterly and debited from client accounts.

#### **ANNUAL FEE BASED ON ASSETS UNDER MANAGEMENT**

##### **Individuals, Households, Trusts and Private Foundations**

<u>Client Invested Asset Level</u>	<u>Annual Management Fee</u>	<u>Quarterly Fee Equivalent</u>
First \$1,000,000	1.00%	0.25%
Next \$1,000,000	0.85%	0.2125%
Next \$3,000,000	0.70%	0.175%
Above \$5,000,000	0.50%	0.125%

##### **Non-profit organizations**

<u>Invested Asset Level</u>	<u>Annual Management Fee</u>	<u>Quarterly Fee Equivalent</u>
First \$5,000,000	0.60%	0.15%
Above \$5,000,000	0.40%	0.10%

*Unless selectively approved at a lower level, the new-client household minimum is \$500,000.*

Accommodation may be given for some intra-family accounts (foundations, donor-advised funds, trust assets, etc.) to reach a higher asset tier, thus lowering the fee. In other select circumstances, fees may be negotiated or deviate from the schedule above.

In all instances, the Adviser will send the client a written invoice, including the fee, the formula used to calculate the fee, the fee calculation itself, the time period covered by the fee, and, if applicable, the amount of assets under management on which the fee was based. The Adviser will send these to the client concurrent with the request for payment or payment of the Adviser's advisory fees. We urge the client to compare this information with the fees listed in the account statement.

Financial planning and investment management services do not produce commissions to BHJ Wealth Advisors. BHJ also receives no compensation from custodians, third-party investment managers and advisers or other entities in exchange for using their services or the sale of investment products, including asset-based sales charges or service

fees from the sale of mutual funds. Infrequently, Allyn Hughes may act as an insurance agent for life, disability or long-term care insurance. In these situations, separate from investment advisory or financial planning fees, a commission could be earned from the insurer.

Investment advisory fees are billed in arrears based on the quarter-end value of client accounts. Fees are therefore applied after they have been earned. If our investment advisory contract is terminated before the end of the billing period, fees will be pro-rated based on the number of days in the quarter services were provided.

In some situations, we utilize third-party investment managers to invest a portion of a client's overall portfolio. See Item 8 for more details on third-party managers. These managers apply their own fees which are withdrawn from assets in the account. These fees are in addition to the BHJ Wealth Advisors advisory fees documented in the table above.

### THIRD-PARTY INVESTMENT MANAGER FEES

Tiers	Assets	PIMCO Municipal Ladder Strategy Tier Annual Rate	Monument Advisor Variable Annuity
1	First \$500,000	0.35%	\$20 per month
2	Next \$1,500,000	0.30%	regardless of account size
3	Over \$2 million	0.25%	

### OTHER FEES

In addition to investment management fees, clients may also incur charges on transactions. Individual stocks and exchange-traded funds do not have transaction charges in Charles Schwab accounts. The mutual funds we use do not have sales charges (no-load) but some may include transaction fees for buying or selling shares. These fees are debited from the purchase amount. These transaction charges are paid to Charles Schwab, not BHJ. Mutual funds and exchange-traded funds also have internal management fees. These fees are incorporated in the price of shares. In certain cases, investment program fees may apply in addition to fees disclosed above. In these cases, all fees are disclosed prior to investment. No brokerage fees or mutual fund fees are credited back to BHJ Wealth Advisors in any form. No employee of BHJ Wealth Advisors accepts compensation related to the sale of investment products.

### FINANCIAL PLANNING / CONSULTING SERVICES

The fee for initial completion of a comprehensive financial plan is \$3,000. Periodic follow-up financial plan updates and investment reviews are billed a project-based fee and agreed upon with the client before the work is completed. For a comprehensive financial planning case, half the project fee is due at the outset of the project and the remainder is payable upon its satisfactory completion. A summary of the project and estimate of the fee will be presented as part of a signed financial planning agreement. The Client has the right to terminate the contract without penalty within five business days after entering into the contract. For the purposes of this provision, a contract is considered entered into when all parties to the contract have signed the contract. Upon termination, the Client will either receive a refund of any unearned pre-paid fees or will be billed for any hours worked but not yet paid for.

### AUTOMATED INVESTING PROGRAM

For Financial Planning clients who do not meet the wealth management minimum of \$500,000, BHJ Wealth Advisors offers the Schwab Institutional Intelligent Portfolios® (SIIP) program, described in Item 4. The minimum assets under management to access this program through BHJ is \$50,000. This program utilizes model portfolios built by BHJ. Portfolio construction and investment selection is based on quantitative and qualitative analysis. These accounts are automatically rebalanced to stay aligned with the chosen mix of stocks and bonds for each account.

The investment advisory fee for this program is 0.60% of assets managed per year (0.15% per quarter). Fees are drawn quarterly from cash in the accounts. These advisory fees are charged in arrears based on the portfolio balance at the end of each quarter.

Clients in this program do not pay brokerage commissions or any other fees to Schwab as part of the program. Schwab does receive other revenues, including (i) the profit earned by Charles Schwab Bank on the cash allocation in the Schwab Intelligent Portfolios program; (ii) investment advisory and/or administrative service fees (or unitary fees) received by Charles Schwab Investment Management, Inc. from Schwab exchange-traded funds (ETFs) that we select to buy and hold in the client's account; (iii) remuneration Schwab receives from the market centers where it routes ETF trade orders for execution.

Lower fees for comparable services may be available from other sources.

## **Item 6 – Performance-based fees and side-by-side management**

We do not use performance-based fees or manage any accounts differently than the fee structure outlined in Item 5.

## **Item 7 – Types of clients**

We generally provide investment advice or financial planning services to affluent households and their trusts or foundations. We also have investment management relationships with non-profit entities.

## **Item 8 – Methods of analysis, investment strategies and risk of loss**

In formulating investment advice, we first gain understanding of each client's goals, time horizon for their various goals, previous experience managing money and past decision making during abnormal financial market events (risk tolerance).

Investing in securities involves risk of loss that clients should be prepared to bear. The depth of loss and time period over which market declines persist are not fixed or predictable. By thoroughly understanding how much a client can possibly afford to lose and still meet goals at an acceptable level, we attempt to apply investment strategies that are, in our judgment, the best fit possible given known facts about the client and market opportunities presented.

Investment strategies are implemented, monitored and revised based primarily on the projected level of risk vs. return expectations for the given mix of assets selected. This mix, or asset allocation, is the core principle of the investment strategy. Once an optimal asset allocation is recommended to align with the goals and the client's tolerance for market fluctuations and the client agrees to this recommended asset allocation, the investment portfolio is implemented.

Further, investment strategies are built to be cost efficient from the perspective of taxation on the investments and the fees and charges incurred by the selected investments and related transactions. To control costs and achieve preferred diversification across chosen asset classes, we typically create portfolios that include exchange-traded funds, no-load mutual funds and occasionally individual stocks and/or bonds.

We use a variety of research and evaluation resources to complete due diligence in selecting investments. For passive investment vehicles, we choose those that meet our investment objective and have what we believe to be the best mix of low cost, broad coverage of the desired market segment and liquidity.

When we select professionally managed mutual funds, we use the following criteria in general, supported by specific criteria as it may apply to certain types of assets:

- a. Outperformance of the fund's benchmark and/or category peers over the long-term
- b. History (experience) investing in assets classes with consistent adherence to the fund's objectives
- c. Risk/return measures consistent with fund's objective
- d. Competitive management fees given the goals and long-term track record of the fund
- e. Experienced money managers or management teams with no recent major disruption to the personnel or philosophy of how to manage money in the fund
- f. Positive reviews from fund analysts such as Morningstar, Lipper, Schwab, etc.
- g. Manageable asset growth
- h. Relatively low turnover for funds held in taxable accounts

Market risks and risks created by the money management techniques of fund managers always apply. Any holding may be in or out of favor with current market conditions due to cyclical changes that impact various types of investments differently. Risk of loss can be influenced by market factors, investor behavior, economic and political events and by the management decisions of each individual company or government entity that offers publicly traded securities.

We do not use trading strategies that attempt to time movement in or out of certain portions of global markets based on technical factors. We build portfolios that we expect to act as core long-term holdings aligned with the client's goals. Our investment strategies are documented via an Investment Policy Statement that outlines the types of investments and expected allocation of assets in each client's portfolio.

### **THIRD-PARTY INVESTMENT MANAGER STRATEGIES**

BHJ occasionally engages third-party firms to manage accounts with a specific investment objective. Any clients entering relationships with a third-party investment manager will receive regulatory disclosure documents about this third-party firm and their investment process. You are encouraged to review each disclosure document regarding the particular characteristics of any program that is recommended.

Third-party investment managers are selected based on BHJ's due diligence. BHJ conducts initial and ongoing due diligence of third-party investment managers to review their experience, strategies and past performance during various market conditions. BHJ will act with discretionary authority to hire or fire the third-party managers where such action is deemed appropriate and in the best interest of the client.

In cases where tax efficiency of bond holdings is preferred, a portfolio of individual municipal bonds may be recommended. BHJ has utilized Pacific Investment Management Company LLC ("PIMCO") through Schwab's Managed Account Access Program to manage ladder U.S. municipal bond portfolios. More detail regarding our business relationship with Charles Schwab & Co. is available in the Brokerage Practices section (Item 12) of this document. The bonds in this portfolio are held until maturity. The minimum initial investment is \$250,000. PIMCO's ladder U.S. municipal bond accounts focus on attaining a portfolio goal rather than the individual goals of any specific client. BHJ works with clients to assure that third-party managed accounts are aligned with their overall goals and objectives. Client preference to buy and hold individual bonds until maturity may influence suitability or evaluation compared to alternative strategies.

In addition to BHJ's evaluation, investment managers in Schwab's Managed Account Access Program must pass Schwab's due diligence to become an available offering to BHJ.



Another third-party engagement may be applicable where use of a variable annuity is recommended. When investing in variable annuities, BHJ focuses on identifying insurance carriers who provide relatively low-cost solutions both for the insurance wrapper and the investments available in the account.

Currently, BHJ participates in investment management for a variable annuity product via one third-party provider. Nationwide Advisory Solutions offers a no-commission, fee-based variable annuity for registered investment advisers and their clients. BHJ has authority to select investment models to be used in this variable annuity. These investment portfolios can be aligned with the client's investment objectives. There are no surrender charges and the variable annuity can be liquidated at any time. In addition to the management fees of the underlying funds used in the portfolio, Nationwide charges a flat \$20 per month fee, regardless of investment amount.

### **Independent Third-Party Investment Manager Profiles**

PIMCO is a leading global investment management firm founded in Newport Beach, California in 1971, with more than 2,800 employees in offices in around the world. PIMCO is an indirect subsidiary of Allianz SE, a global financial services company based in Germany. Its operations are separate from and autonomous of Allianz.

In addition to offering mutual funds and exchange-traded funds, PIMCO offers investment advisory services through separately managed accounts available on Charles Schwab's Managed Accounts Access platform. In these accounts, PIMCO has discretionary authority to execute investment transactions that are appropriate for the selected strategy.

BHJ Wealth Advisors engages PIMCO through the Managed Accounts Access platform specifically to manage ladder municipal bond portfolios in taxable brokerage accounts.

Municipal bond ladder strategies are generally subject to risks similar to other U.S. fixed income securities such as interest rate and credit quality risk. In addition, depending on the types and amounts of securities within each client's bond ladder, a municipal bond ladder strategy may not ensure adequate diversification of the overall investment portfolio. Callable bonds within the ladder may also be called prior to maturity and it may not be possible to reinvest the principal in a similar bond issue. A called bond may alter the schedule of principal and interest payments within the ladder. BHJ Wealth Advisors will evaluate whether the municipal bond ladder and the securities held within it are consistent with the chosen investment objective, risk tolerance, and financial circumstances of the client participating in the program.

While income from municipal bonds is generally considered tax exempt there are certain circumstances that result in taxation of municipal bonds (i.e., capital gains or losses, alternative minimum tax, original issue discounts and impact on the taxation of Social Security benefits.)

The program fees for this third-party manager when accessed through the Schwab Managed Account Access Program are documented in Item 5. The fees are taken directly out of the account, in arrears, and paid to the program provider not to BHJ Wealth Advisors.

Nationwide Advisory Services offers the Monument Advisor variable annuity platform for registered investment advisers (RIAs). Monument Advisor is issued by Jefferson National Life Insurance Company of New York (New York, NY). The general distributor is Jefferson National Securities Corporation, FINRA member, which is an affiliate of Nationwide Life Insurance Company.

This structure of the Monument Advisor variable annuity contract, which combines insurance and investment features, fits with the fiduciary standard applicable to RIAs.

Monument Advisor offers a \$20 per month flat fee for the annuity platform, in addition to the management fees of investment funds selected for use in the account. Over 350 investment options are available with varying objectives and costs. For clients who meet a certain financial profile, a relatively low-cost variable annuity can provide an option for tax-deferred growth.

Nationwide Insurance has operated in the U.S. since 1926. Until 1955 it was known as Farm Bureau Mutual. Nationwide is a Fortune 100 company and receives the following ratings from the major credit bureaus: A+ from A.M. Best, A1 from Moody's and A+ from Standard & Poor's.

## **Item 9 – Disciplinary information**

No investment adviser representatives of BHJ Wealth Advisors have had a disciplinary event.

## **Item 10 – Other financial industry activities and affiliations**

As stated in previous items, BHJ Wealth Advisors utilizes third-party investment advisers/managers in select situations. Before selecting third-party advisers, we confirm that they are properly licensed and registered as an investment adviser. BHJ Wealth Advisors receives no compensation from these third-party advisers for placing client assets with these advisers. Therefore, we do not perceive a conflict of interest related to this alternative for investment management. We maintain no other business relationship with these advisers. There is no direct investment or affiliation with third-party advisers.

BHJ Wealth Advisors has no plans to have an ongoing relationship or affiliation that involves compensation with:

- a. Investment broker-dealers, securities dealers or government securities dealers or brokers
- b. Any investment company that offers a pooled investment vehicle
- c. Another investment advisor or financial planner
- d. Any futures commission brokers, commodity pool operators or commodity trading advisors
- e. Any banks or thrift institutions
- f. Any accountants, lawyers, insurance firms, pension consultants or real estate brokers
- g. Any sponsors of limited partnerships

BHJ Wealth Advisors and its management persons have no pending or intended future registrations as a broker/dealer or registered representative of a broker/dealer or as a commodity or derivatives trader.

Allyn Hughes is licensed to sell life, disability and long-term care insurance. He maintains appointments with a variety of insurance carriers in order to sell these products in Washington and California.

Gary Brooks receives a stipend as an investment committee member of a private family foundation separate from services provided by BHJ Wealth Advisors.

Grace Nicole Cambra is an owner of residential rental property and receives monthly income in the form of rent.

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

We adhere to the CERTIFIED FINANCIAL PLANNER™ Code of Ethics and Standards of Professional Conduct. Details of these standards are available at [www.cfp.net](http://www.cfp.net). In all of our communications and business activity, we act with the fundamental principles of trust: openness, integrity and honesty.

We also maintain our own Code of Ethics. It outlines the principles and specific actions that we will use to make sure that we manage our clients' assets and our personal assets in ways that do not encourage unethical practices. Specifically we:

- Review the firm's Code of Ethics, policies and procedures each year and proactively make changes to this document if an issue is identified or arises
- Offer our Code of Ethics policies to any client or prospective client upon request
- Use a trading policy that always benefits the client. That is, if we are planning to buy or sell an individual stock or exchange-traded fund for a client's account, and we personally hold a position in that stock or ETF, we will not buy or sell our holding until after the client's transaction has occurred. This eliminates conflict of interest in the transaction of shares that are priced intraday.

No BHJ employees, or any related persons, act as a principal in a business, partnership, or investment company that solicits investments from clients.

If an investment opportunity arises in which we, or any person related to us, has a personal interest, and the client finds the opportunity interesting and suitable, we will advise the client to seek another opinion so that their perspective is not overly influenced by our stated conflict of interest.

If we make the decision to buy or sell stocks or exchange-traded funds in multiple client accounts concurrently, we batch trade the holdings with the intent of each client receiving the same market price.

## **Item 12 – Brokerage Practices**

### *The Custodian and Brokers We Use*

We may be deemed to have custody of your assets if you give us authority to withdraw assets from your account and facilitate transfers to other accounts on your behalf (see Custody section below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. In nearly all cases, we require that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. In limited circumstances, another qualified custodian may be used. When applicable, fees related to accounts at another custodian will be withdrawn quarterly from cash in the account with this custodian.

We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we require that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We will assist you in opening accounts by providing the necessary forms and required paperwork. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see "Your Brokerage and Custody Costs"). Our use of Schwab as custodian/broker is not an exclusive contract. We may choose in the future to use other custodians/brokers.

### *How We Select Brokers/Custodians*

We seek to use a custodian/broker who will hold your assets and execute transactions on terms that are advantageous when compared to other available providers. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds, etc.)
- Availability of investment research and tools that assist us in making investment decisions

- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us From Schwab” below)

#### *Your Brokerage and Custody Costs*

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab’s transaction fees applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. This commitment benefits you because the overall transaction fees you pay are lower than they would be otherwise. In some cases, buy and sell transactions can be made with no commission.

If you choose to have a trade executed by a different broker-dealer where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How We Select Brokers/Custodians” above).

#### *Products and Services Available to Us from Schwab*

Schwab Advisor Services™ is Schwab’s business serving independent investment advisory firms. It provides us with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts; while others help us manage and grow our business. Schwab’s support services generally are available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees. Following is a more detailed description of Schwab’s support services:

*Services That Benefit You.* Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients.

*Services That May Not Directly Benefit You.* Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts. They include investment research, both Schwab’s own and that of third parties. We may use this research to service all or a substantial number of our clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients’ accounts

- Assist with back-office functions, recordkeeping, and client reporting

*Services That Generally Benefit Only Us.* Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession, access to employee benefits providers, human capital consultants, and insurance providers. Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

#### *Our Interest in Schwab's Services*

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to require that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How We Select Brokers/Custodians") and not Schwab's services that benefit only us. As of December 31, 2020, BHJ manages a total of \$142,071,013 in assets under management, and we do not believe that requiring our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

#### *Aggregation of Trades Across Multiple Accounts*

As a fiduciary to each client, we owe each client the same duty of loyalty. Consistent with this duty, we do not give one client preference over others. This is particularly true when we trade the same security over multiple accounts. Sometimes, it is not possible to execute multiple trades in the same position simultaneously. Wherever possible, we attempt to aggregate trades to minimize any advantage or disadvantage any individual client may have when we buy or sell an individual stock or exchange-traded fund across multiple accounts.

#### *Automated Investing Program*

Schwab may aggregate purchase and sale orders for investments across accounts enrolled in the Schwab Institutional Intelligent Portfolios program, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the platform.

The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients. The availability of services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for these services, and they are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets under custody. With respect to the program, as described above under Item 4 (Advisory Business), we do not pay fees for the platform to SPT. The fact that we receive these benefits from Schwab is an incentive for us to require the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of transactions. This is a conflict of interest. We believe, however, that taken in aggregate our selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only us. We have adopted policies and procedures designed to ensure that our use of Schwab's services is appropriate for each of our clients.

## **Item 13 – Review of Accounts**

Client accounts are monitored for alignment with a recommended investment mix. Performance of individual investments, compared to benchmarks and/or industry peers, is reviewed monthly. A deeper assessment with more consideration for a holding's fit in specific client accounts and alignment with the client's Investment Policy Statement is performed at least quarterly.

All clients are advised that it remains their responsibility to advise us of any changes in their investment objectives and/or financial situation. All clients (in person, via phone or email) are encouraged to review financial planning issues, investment objectives and account performance with us as often as is necessary.

Monthly account statements are provided by Charles Schwab. BHJ Wealth Advisors provides quarterly reporting at the overall portfolio level to supplement the Schwab statements.

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

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us. You do not pay more for assets maintained at Schwab as a result of these arrangements. However, we benefit from the arrangements because the cost of these services would otherwise be borne directly by us. You should consider these conflicts of interest when selecting a custodian. The products and services provided by Schwab, how they benefit us, and the related conflicts of interest are described above under Item 12 (Brokerage Practices). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

We do not receive payment from any source other than a client for the work we do for a client. We may accept gifts of de minimis value (less than \$100 annually) from product or service providers.

We do not pay solicitor's fees or referral bonuses to external parties.

## **Item 15 – Custody**

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct Schwab to deduct our advisory fees directly from your account or if you grant us authority to move your money to another account that you have authorized via a Standing Letter of Authorization (SLOA). Schwab maintains actual custody of your assets. You will receive transaction confirmations (when undertaken) and account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provide to Schwab. You should carefully review those statements promptly when you receive them. We also urge you to compare Schwab's account statements to the periodic portfolio reports you will receive from us.

## **Item 16 – Investment Discretion**

As a Registered Investment Adviser that follows the practice guidelines and principles of the Certified Financial Planner Board of Standards, BHJ Wealth Advisors operates under a fiduciary obligation to always act in the client's best interest. With this in mind, under the terms of our investment advisory agreement, we can determine the securities and the amounts to be transacted without receiving advance approval from the client.

Investment account applications include limited power of attorney granting us approval to make transactions, request distributions for the client and withdraw management fees. Generally, activity in the account is the result of communication with the client. While we have discretion to transact, it is our intention to communicate or confirm reasoning with the client in a timely manner. Client accounts will not be invested in thinly traded securities or in illiquid securities without pre-trade notice being given to the client.

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

We do not vote proxy statements on behalf of clients. Clients will receive proxy communication directly from the investment source or custodian and are responsible for their own vote submission. We do not attempt to influence clients to vote any particular way on open issues. We will receive a copy of the proxy statement and will provide education upon request regarding the issues to be voted on.

### **Item 18 – Financial Information**

BHJ Wealth Advisors has an adequate financial position to meet the contractual commitments to our clients. Neither BHJ Wealth Advisors nor the previously existing firms that merged to form BHJ have declared bankruptcy or any form of financial hardship. We do not solicit fees of any size more than six months in advance. We do not expect to engage in relationships where refunding of prepaid fees could be considered problematic.

Form ADV Part 2B – Brochure Supplement  
Advisory Personnel

**ITEM 1**



7191 Wagner Way NW, Suite 301  
Gig Harbor, WA 98335  
253.534.8888  
[www.bhjadvisors.com](http://www.bhjadvisors.com)

This brochure supplement provides information about investment adviser representatives of BHI Wealth Advisors. It is meant to accompany Form ADV Part 2A. You should have received a copy of that brochure along with this supplement. If you have any questions about the contents of this brochure, please contact us at 253.534.8888 or [contact@bhjadvisors.com](mailto:contact@bhjadvisors.com).

Information about BHI Wealth Advisors and its representatives is also available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## ITEM 2 – EDUCATION BACKGROUND AND BUSINESS EXPERIENCE

**Gary A Brooks Jr.,** DOB 11/15/1971

Formal Education

University of Puget Sound

Degree

BA, May 1994

Industry-specific Education

Kaplan University

College for Financial Planning

Certified Financial Planner Board of Standards

College for Financial Planning

Designation

Certificate in Financial Planning

Chartered Retirement Planning Counselor<sup>SM</sup>

CERTIFIED FINANCIAL PLANNER<sup>TM</sup>

Chartered SRI Counselor<sup>TM</sup>

Investment Industry Business Background

BHJ Wealth Advisors

Financial Life Design/Commonwealth Finan. Network

Russell Investments

President (October 2009 - current)

President (March 2008 - September 2009)

Investor Communications/Education (Aug. 2000 - Mar. 2008)

**Allyn M Hughes,** DOB 06/12/1960

Formal Education

San Jose State University

San Francisco State University

Degree

BA, May 1983

MBA, June 1991

Industry-specific Education

Certified Financial Planner Board of Standards

The American College

Designation

CERTIFIED FINANCIAL PLANNER<sup>TM</sup>

Chartered Financial Consultant (ChFC<sup>®</sup>)

Chartered Life Underwriter (CLU<sup>®</sup>)

Chartered Advisor in Philanthropy (CAP<sup>®</sup>)

Investment Industry Business Background

BHJ Wealth Advisors

Financial Life Design/Commonwealth Finan. Network

Summit Financial Group

Russell Investments

Forward Management

Partner (October 2009 - current)

Managing Partner (March 2008 – September 2009)

Registered Representative (February 2008 – March 2008)

Senior Marketing Manager (May 2004 – April 2007)

Marketing Manager (August 2002 – May 2004)

**Grace Nicole Cambra,** DOB 4/2/1985

Formal Education

University of Washington, Tacoma

University of Washington, Tacoma

Degree

BA, June 2011

MBA, 2017

Investment Industry Business Background

BHJ Wealth Advisors

Russell Investments

Bank of New York Mellon

Investment Adviser Representative (October 2019 - current)

Consulting Analyst (Jan. 2013 – Sept. 2019)

Analytics Analyst (June 2010 – Dec. 2013)

## **CFP® Certification Explanation Statement**

CERTIFIED FINANCIAL PLANNER™ and CFP® are federally registered professional certification marks granted in the United States by Certified Financial Planner Board of Standards.

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and several other countries for its:

- high standard of professional education;
- stringent code of conduct and standards of practice; and
- ethical requirements that govern professional engagements with clients.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that the CFP Board has determined as necessary for the competent and professional delivery of financial planning services. CFP Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning. A Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university) is also required.
- Examination – Pass the CFP® Certification Examination. The examination includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply knowledge of financial planning to real world circumstances.
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year).
- Ethics – Agree to be bound by CFP Board’s Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the Standards of Professional Conduct. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interest of clients.

## **CLU® (Chartered Life Underwriter®) Certification Statement**

The CLU® has been a respected risk management credential for advisors for decades. Designees have completed eight or more college-level courses representing an average study time of 400 hours. Topics for required courses include insurance and financial planning, life insurance law, estate planning, and planning for business owners and professionals. Elective courses include such advanced topics as income taxes, group benefits, retirement planning, and health insurance. CLU® designees must meet experience and continuing education requirements and must adhere to a high ethical standard. The mark is awarded by The American College, a non-profit educator with the top level of academic accreditation.

## **ChFC® (Chartered Financial Consultant®) Certification Statement**

The ChFC® designation has been a mark of excellence for almost thirty years and currently requires nine college-level courses, the most of any financial planning credential. Average study time to earn the ChFC® exceeds 450 hours. Required courses cover extensive education and application training in financial planning, income taxation, investments, and estate and retirement planning. Additional electives are chosen from such topics as

macroeconomics, financial decisions for retirement, and executive compensation. ChFC® designees must meet experience requirements and adhere to continuing education and ethical standards. The credential is awarded by The American College, a non-profit educator with an 85-year heritage and the highest level of academic accreditation.

#### **CAP® (Chartered Advisor in Philanthropy) Certification Statement**

The CAP® program provides professionals in the nonprofit and financial services fields that work with individuals and families in the development and implementation of philanthropic programs with the knowledge and tools needed to help clients reach their charitable giving objectives while also helping them meet their estate planning and wealth management goals. Candidates for the CAP® designation must complete a minimum of three courses in philanthropic studies at the Irwin Graduate School and six hours of rigorous, supervised written examinations. The curriculum addresses the advanced design, implementation and management of charitable gift techniques and strategies, as well as philanthropic tools including charitable trusts, private foundations, supporting organizations, donor-advised funds, pooled income funds and charitable gift annuities.

#### **ITEM 3 – DISCIPLINARY INFORMATION**

Gary, Allyn and Grace each have clean disciplinary records. They have not been sanctioned, suspended or found liable for any wrongdoing by a financial services industry regulatory body.

#### **ITEM 4 – OTHER BUSINESS ACTIVITIES**

*Gary Brooks* receives a stipend for participation on the investment committee of a private family foundation unrelated to the business of BHJ Wealth Advisors. Gary has earned income unrelated to the investment business through acting as a professional baseball official scorer in the Pacific Coast League.

*Allyn Hughes* is a licensed insurance agent and occasionally earns commissions for the placement of life, disability or long-term care policies.

*Grace Cambra* owns residential real estate property and receives monthly income in the form of rent.

#### **ITEM 5 -- ADDITIONAL COMPENSATION**

Aside from commissions for the placement of insurance policies as described previously, no supervised person of BHJ Wealth Advisors receives any economic benefit from any person or entity who is not a client of BHJ Wealth Advisors. For investment management and financial planning services, supervised persons of BHJ Wealth Advisors are compensated only via fees paid by clients. Bonuses for sale of investment products, new accounts or client referrals are not a form of compensation from any external entity.

#### **ITEM 6 -- SUPERVISION**

With just three employees, supervision of advisory activity is simply a matter of frequent communication and joint client review. Allyn M Hughes and Grace N Cambra are supervised by Gary Brooks, the firm's Chief Compliance Officer. Gary Brooks is responsible for ensuring that Allyn and Grace adhere to all required regulations regarding the activities of an Investment Adviser Representative, as well as all policies and procedures outlined in the firm's Code of Ethics and compliance manual. The phone number for Gary Brooks is (253) 534-8888.

All clients are clients of the firm, not the individual advisor. Activity and communications with each client are tracked and archived so that each partner can review the status of each client relationship and the advice provided to all clients. Activities of the firm are detailed internally in a Policies & Procedures document that covers Code of Ethics, conflicts of interest, industry compliance standards and other activities that are important to managing our business as fiduciaries acting in the best interest of our clients.