



Form ADV, Part 2A Appendix 1 Wrap Fee Program Brochure

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This wrap fee program brochure provides information about the qualifications and business practices of Beacon Pointe Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 949-718-1600. 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. Any reference to or use of the terms "registered investment adviser" or "registered," does not imply that Beacon Pointe Advisors, LLC or any person associated with Beacon Pointe Advisors, LLC has achieved a certain level of skill or training.

Additional information about Beacon Pointe Advisors, LLC is also available on the SEC's website at www.adviserinfo.sec.gov

ITEM 2 - MATERIAL CHANGES

March 31, 2021

The purpose of this page is to inform you, when amending our brochure for the annual update, of material changes since the previous annual update to this brochure. Since this is not an annual updating amendment, this section is not applicable at this time.

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ITEM 4 – SERVICES, FEES AND COMPENSATION

Wrap Fee Program Services

Beacon Pointe Advisors, LLC (“Beacon Pointe,” “we,” “our,” or “us”) manages a wrap fee program (the “Wrap Fee Program”) for a limited number of existing clients. The Wrap Fee Program is not offered to new or prospective clients of Beacon Pointe. Accounts participating in the Wrap Fee Program are managed in the same way as accounts that participate in our Managed Account Program, which is described below. Under the Wrap Fee Program, however, a client may transact in investment products without incurring separate brokerage commissions or transaction fees in the client’s custodial account managed by Beacon Pointe, as described further below.

Managed Account Program

A client can engage Beacon Pointe to implement investment recommendations on a fee basis with Beacon Pointe actively managing client assets under our Managed Account Program. Under the Managed Account Program, Beacon Pointe will:

1. Recommend to clients certain unaffiliated third-party investment managers (“Independent Managers”) to manage a portion or all of the assets designated by the client in accordance with the terms and conditions of the Managed Account Program
2. Provide ongoing monitoring and reviewing of each Independent Manager
3. In some cases, manage a portion of the client’s assets by primarily allocating the assets among various classes of shares of no-load mutual funds, Exchange Traded Funds (ETFs), real estate investment trusts (REITs), or private funds. From time to time Beacon Pointe invests our clients’ assets in a mutual fund advised by a related investment adviser. See **Item 9 – Additional Information** for our policies surrounding this practice.
4. Provide financial planning services for certain clients under the Managed Account Program, subject to certain conditions as noted below.

We offer these services under the Managed Account Program on a discretionary basis, including the hiring and/or firing of Independent Managers, and in accordance with the client’s investment objectives and any reasonable restrictions the client wishes to place on the account. Beacon Pointe reserves the right to not accept and/or terminate management of a client’s account if we feel that the client-imposed restrictions would limit or prevent us from meeting or maintaining the client’s investment strategy. Clients should notify us promptly in writing if there are any changes in their financial situation or investment objectives, or if they wish to impose or change any restriction(s) on their account.

Under the Managed Account Program, Beacon Pointe primarily invests client accounts by utilizing Independent Managers to manage the various asset classes determined in the client’s asset allocation. Generally, client portfolios are managed by the Independent Managers through separate accounts or through mutual funds, depending on the vehicles offered by the Independent Managers and account size or other considerations specific to each client. Beacon Pointe may also directly manage the client’s account utilizing mutual funds, ETFs, REITs, and private funds. In addition, client portfolios at times utilize other strategies or contain securities not included on the recommended list in the course of an acquisition or at the direction of the client; typically, these assets will be transitioned over time to the Independent Managers or securities that are recommended by Beacon Pointe. Clients may place reasonable restrictions on the management of their account with the Independent Managers. We describe our process for selecting managers and the material investment risks for our strategies under **Item 6 – Portfolio Manager Selection and Evaluation**.

Beacon Pointe may offer investment advice on any investment held by the client at the start of the advisory relationship. Beacon Pointe occasionally offers advice regarding additional types of investments if they are appropriate to address the individual needs, goals, and objectives of the client or in response to client inquiry.

Private clients participating in the Managed Account Program will be provided with comprehensive financial planning advice, upon client request and subject to the minimum account size or minimum annual Managed Account Program fee in accordance with the client's agreement. In order to provide this comprehensive financial planning advice, we gather information regarding the client's current and historical status in the areas of net worth, income, expenses, taxes, investments, retirement plans and insurance, as well as future goals and objectives. We then develop a written personalized plan, which includes specific recommendations in applicable areas. Areas of focus may include retirement planning, education funding, survivor needs analysis, risk management or wealth transfers planning. These financial planning services do not include preparation of any kind of income tax, gift, or estate tax returns nor preparation of any legal documents, including wills or trusts.

Fees for the Wrap Fee Program

Beacon Pointe charges advisory fees to clients who are in the Wrap Fee Program. The advisory fees are negotiable and are charged based on a percentage of the market value of the portfolio under management, per a tiered fee schedule set forth in the agreement between Beacon Pointe and the client.

The Wrap Fee Program fee ranges from 0.50% to a maximum of 1.50% of assets under management.

Client participation in the Wrap Fee Program will generally cost less than the same services would for an account participating in the Managed Account Program outside of the Wrap Fee Program, although the amount of savings will depend on the volume of trading in the client's account, advisory fees for unbundled services, and the custodian transaction and execution fees charged for a non-wrap fee program account. Under the terms of the Wrap Fee Program, Beacon Pointe will pay trading and execution costs imposed by the custodian for transactions in the client's account directly managed by Beacon Pointe. This arrangement may present a potential conflict of interest for us, as we have a financial disincentive to engage in active trading. However, transaction fees are not a material consideration for Beacon Pointe in deciding whether to engage in any trading or the level of trading activity through the custodian, Charles Schwab & Co., Inc. ("Schwab").

Schwab has eliminated commissions for online trades of equities, ETFs and options (subject to a \$0.65 contract fee). This means that, in most cases, when we buy and sell these types of securities, we will not have to pay any commissions to Schwab. Beacon Pointe encourages prospective clients to review Schwab's pricing to compare the total costs of entering into a wrap fee arrangement versus a non-wrap fee arrangement. If you choose to enter into a wrap fee arrangement, your total cost to invest could exceed the cost of paying for brokerage and advisory services separately. To see what you would pay for transactions in a non-wrap account, please refer to Schwab's most recent pricing schedules, available at [schwab.com/aspricingguide](https://www.schwab.com/aspricingguide).

Billing Method

Beacon Pointe's advisory fees are generally payable quarterly in advance at the beginning of each calendar quarter. We charge one fourth of the annual fee each quarter based on the market value of the client's portfolio as of the last day of the prior calendar quarter.

If a client contributes capital to the account, including the initial capital, on a date other than the last day of a calendar quarter, we will charge the account a prorated portion of the fees for that calendar quarter for that contribution based on the number of days remaining in that calendar quarter. Similarly, if a client withdraws a portion of the assets from the account on any date other than the last day of a calendar quarter, we will prorate the fees previously paid for that calendar quarter based on the number of days elapsed in that quarter before the withdrawal and we will refund the unearned portion to the client's account. Fees for the initial quarter under management are pro-rated and charged in arrears with the next quarter's advance payment.

Beacon Pointe aggregates related client accounts for purposes of calculating the advisory fees applicable to each client. Beacon Pointe also reserves the right to reduce or waive our fees for employee or family accounts and certain client accounts.

With client authorization, Beacon Pointe will automatically withdraw Beacon Pointe's advisory fee from the client's account held by an independent custodian. Typically, the custodian withdraws advisory fees from the client's account during the first month of each quarter based on Beacon Pointe's instruction. All clients will receive brokerage statements from the custodian no less frequently than quarterly. The custodian statement will show the deduction of the advisory fee. We will make rare exceptions to this policy and bill clients directly. In these rare cases, Beacon Pointe will send an invoice to the client who chooses not to have advisory fees withdrawn directly from their custodian account. The invoice is payable upon receipt and will include the fee calculation and amount due.

Other Fees and Expenses

Beacon Pointe's fees do not include the fees charged by Independent Managers or their custodians. Clients should review the Independent Manager's ADV 2 Brochure regarding fee schedules, other fees charged by Independent Managers, and applicable billing methods. Clients in the Wrap Fee Program pay the management fees of Independent Managers as well as the trading and execution costs imposed by the custodians for transactions in the client's accounts managed by Independent Managers. In some cases, the fees charged by the Independent Manager may be greater than those charged by Beacon Pointe.

Other fees not included in the advisory fee for our Wrap Fee Program are charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), fees for trades executed away from the custodian, mark-ups and mark-downs, spreads paid to market makers, wire transfer fees, and other fees and taxes on brokerage accounts and securities transactions. Any mutual fund shares held in a client's account may be subject to deferred sales charges, 12b-1 fees, and other fund-related expenses. The fund's prospectus fully describes the fees and expenses. All fees paid to Beacon Pointe for advisory services are separate and distinct from the fees and expenses charged by mutual funds. Mutual funds pay advisory fees to their managers, which are indirectly charged to all holders of the mutual fund shares. Consequently, clients with mutual funds in their portfolios are effectively paying both Beacon Pointe and the mutual fund manager for the management of their assets.

Termination

Either party may terminate the wrap fee program agreement upon thirty (30) days written notice to the other party.

Beacon Pointe will refund any prepaid, unearned advisory fees based on the effective date of termination. Upon termination of the agreement, we will send the client a prorated refund of unearned

advisory fees using the following formula: $(Fees\ Paid) \times (Days\ Remaining\ in\ Quarter) / (Total\ Number\ of\ Days\ in\ Quarter)$.

Other Compensation

Beacon Pointe does not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Beacon Pointe may recommend that clients invest in mutual funds managed by a related adviser. While Beacon Pointe does not directly receive additional compensation resulting from the use of products managed by related firms, our related adviser receives management fees from the mutual fund. Additionally, Beacon Pointe receives fees through its affiliated general partner of certain private funds sponsored by Beacon Pointe. Even though such private fund fees are waived for clients of Beacon Pointe, Beacon Pointe has an interest in recommending the private funds for reasons of larger size, better deals, costs savings, etc. We describe our policies in recommending related products, as well as our relationships with related advisers, in **Item 9 – Additional Information**.

ITEM 5 – ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

Account Requirements

Generally, Beacon Pointe requires Wrap Fee Program clients to maintain a minimum account size of \$1 million but reserves the right to reduce or waive the account minimum requirements at our discretion. Some accounts are under different fee schedules; the maximum fee rate is 1.65%.

Types of Clients

Under the Wrap Fee Program, Beacon Pointe's services are offered to individuals, trusts, estates, charitable organizations, corporations, pension and profit-sharing plans, and other business entities.

ITEM 6 – PORTFOLIO MANAGER SELECTION AND EVALUATION

Methods of Analysis

In beginning a new client relationship, Beacon Pointe seeks to fully understand the needs, circumstances, priorities, and goals of each client. For institutional clients, we work with clients to articulate an investment policy that reflects the client's current objectives and levels of risk tolerance and incorporates any restrictions the client wishes to impose on the account.

With the approved investment policy in place, Beacon Pointe utilizes modeling techniques to determine an optimal target allocation for the client's assets. For this process, Beacon Pointe uses both asset allocation-modeling programs as well as our own analysis to develop what we believe is a meaningful plan for our clients, including target asset class mixes.

The "core" asset classes we follow and typically include in our recommended investment portfolios include the following:

- US Equity
- Non-US Equity (Developed Markets)
- Non-US Equity (Emerging Markets)
- US Fixed Income

- Global Fixed Income
- Public Real Estate
- Private Real Estate
- Private Equity (Venture Capital, Buyout - Fund of Funds)
- Hedge Funds (Fund of Funds)
- Real Assets

We track different categories and investment styles within each of these categories (i.e. value, growth, small versus large, etc.)

Based on this customized asset allocation plan for each client, we search for the most talented investment managers in each asset class to implement the investment strategy. The client's investments will draw from our Focus List, comprised of a select group of firms that meet or exceed our strict performance and qualitative criteria (see our ***Manager Selection Process*** below).

Investment Strategies

Beacon Pointe is a firm believer in risk control through proper portfolio diversification. Diversification, or allocating client portfolios across a broad range of asset classes and investment managers, is also regarded as an essential component of effective success of an investment portfolio. Proper diversification minimizes or reduces the volatility and risk associated with a client's investments. The key is to shape a balanced portfolio of managers under the overall strategy, in line with specified targets and goals of the assets, rather than considering investments individually. We at Beacon Pointe are strong advocates of multiple asset class investing and adhering to investment policies and strategies. Proper asset allocation diversification produces a portfolio with more appealing risk/return characteristics than investing in one single asset class or with one investment manager.

Beacon Pointe's preference is to use active management in all asset classes. However, we will use passive management on occasion as a "place holder" for an asset class if we have not selected an active manager. Our research process seeks active managers who can outperform their respective passive (index) benchmarks, net of fees, with less risk over long periods of time.

Manager Selection Process

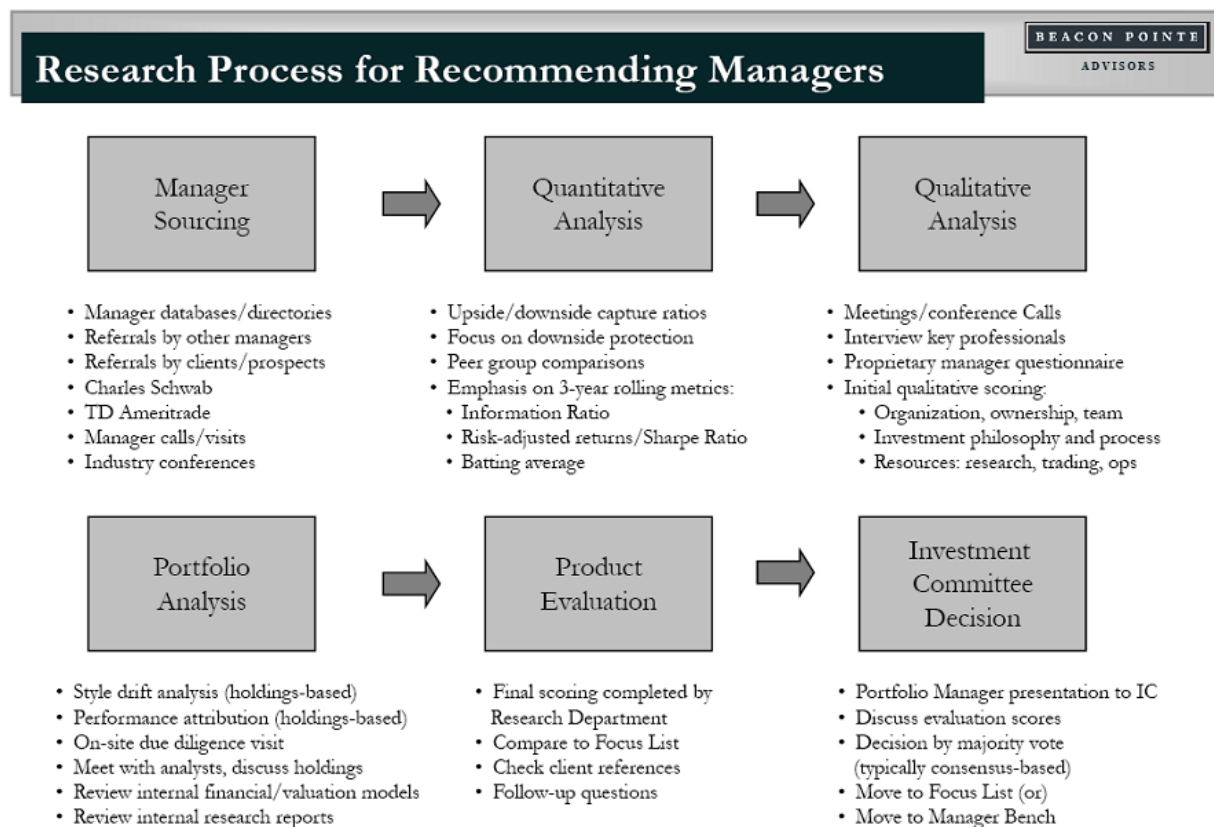
Beacon Pointe has a "Focus List" and in order for us to select a manager for this list, they must successfully complete Beacon Pointe's proprietary due diligence process.

- **Manager Sourcing** – from referrals, industry contacts, manager databases, and directed outreach. We gather basic information from public databases and incorporate data into our internal database of investment manager information, derived primarily from our detailed questionnaire.
- **Quantitative Analysis** – we assess manager performance with an emphasis on long-term consistency, risk-adjusted returns, downside protection, and peer group ranks. Beacon Pointe requires firms to adhere to the Global Investment Performance Standards and undergo third party verification.
- **Qualitative Analysis** – we meet with portfolio managers, conduct interviews with analysts, and perform an exhaustive review of the firm's ownership and compensation structure, investment philosophy, portfolio construction process, risk controls, research and back-office resources, and

trading capabilities. In addition, we ask investment management firms to complete Beacon Pointe's proprietary questionnaire.

- **Portfolio Analysis** – we conduct holdings-based style analysis and historical attribution analysis. Our assessment includes in-depth discussions regarding specific portfolio holdings and on-site visits where we request full access to the investment manager firm's records, valuation models, personnel, and research reports.
- **Product Evaluation** – we conduct reference checks, review the manager's ADV 2 Brochure, negotiate management fees and account minimums, and perform final scoring and research.
- **Beacon Pointe Investment Committee Decision** – a careful review at the highest level determines if the manager qualifies for our Focus List or is moved to our 'Manager Bench' for later consideration.

See an illustration of our investment process below.



Investing Involves Risk

All Beacon Pointe clients should understand that investing in securities involves risk of loss, and clients should be prepared to bear that risk. Prior to entering into a managed account agreement with Beacon Pointe, the client should carefully consider all of the following:

- The clients should commit to management only those assets that the client believes will not be needed for current purposes and that can be invested on a long-term basis, usually a minimum of five to seven years,
- That volatility from investing in the stock market can occur, and
- That over time the value of client's assets will fluctuate and at any time may be worth more or less than the amount invested.

Specific Security Risks

General Risks of Owning Securities

The prices of securities held in client accounts and the income they generate may decline in response to certain events taking place around the world. These include events directly involving the issuers of the securities held as underlying assets of the mutual funds in a client's account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability and governmental or governmental agency responses to economic conditions. Finally, currency, interest rate, and commodity price fluctuations can also affect security prices and income.

Independent Manager Strategies and Risks

The Independent Managers Beacon Pointe recommends utilize their own investment process and methods of analysis. The strategies and securities these managers invest in may have different or additional risks than those described in this brochure. For example, while Beacon Pointe does not implement investment advice using margin transactions, some Independent Managers appointed for the client utilize margin transactions in the discretionary management of client cash and securities. Use of margin can increase volatility and magnify any investment losses in a client's account. Similarly, options are utilized in certain strategies. Options are complex financial instruments and not suitable for all investors. Investing in options carries unique risks that can result in the loss of all invested principal. Clients can find more information about the strategies and related risks of the Independent Managers in **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss** in each manager's Form ADV disclosure brochure.

Alternative Asset Classes

Beacon Pointe believes that alternatives play an integral part in portfolios. Adding alternatives can enhance an overall portfolio's risk and return characteristics. Alternatives, however, are not appropriate for all clients and portfolios. Time horizon, risk objectives, liquidity, and taxes are all factors that need to be considered.

For those clients and portfolios, we have deemed appropriate to include alternatives, we will recommend the following alternative asset classes – commodities, real estate, private equity, and hedge funds.

Beacon Pointe recommends fund-of-fund vehicles for the majority of the alternative asset classes as they provide an additional layer of due diligence and enhance diversification, and provide access to the top funds, some of which are otherwise closed to outside investors.

Hedge funds and private equities can appear opaque as there are no high-quality established databases in existence like the public sector. This makes it more difficult to assess who is doing well and, more importantly, who is doing poorly. This obscurity makes it more essential to understand the firms with

whom you are doing business and affirms the importance of a solid qualitative as well as quantitative assessment.

Unlike other alternative investments, the majority of hedge funds do not invest in private securities. Instead, they apply alternative strategies to the traditional public equity and fixed income markets. The benefits hedge funds can add to a portfolio include their return potential, their lower volatility, and their relatively low correlation with equities and other market-driven investments.

Our approach to utilizing hedge funds in client portfolios begins with sufficient client disclosure to determine an investor's suitability for hedge funds. We conduct a detailed inquiry into a client's hedge fund investment experience, risk parameters and return objectives, together with an understanding of the client's non-hedge fund investments. We designed this process to develop a realistic assessment of objectives and create a customized investment plan.

For traditional asset classes like stocks and bonds, an abundance of historical data is available to analyze the risk and return tradeoffs of different portfolio mixes. With this data, most fund sponsors set asset allocation policies using efficient frontier analyses. However, in the alternative investment area, historical information is very limited. While longer return series exist for some alternative strategies (such as venture capital), we feel that the data is of questionable usefulness. Using venture capital as an example, performance is very dependent on the timing of specific investments. In addition, since most venture capital investments are accounted for at cost, the asset category has an artificially low volatility of returns. A common failing of asset allocation models is their inability to distinguish if low volatility is inherent to the asset class, or if it is because the asset is infrequently valued (e.g., not exchange traded).

Historical data on specific hedge funds is also limited. Not only do very few funds have historical track records longer than five years, but most databases view hedge funds as a homogeneous group rather than being separated according to investment strategy. This is similar to lumping all mutual funds together regardless of investment approach, creating a data series called "mutual funds," and using it to set asset allocation policies. For these reasons, we believe modeling alternative investments the same way as traditional asset classes can be misleading.

There are also unique manager selection issues in the alternative investment area. Although there is no shortage of managers from which to choose, few have historical track records longer than a few years. Even among more seasoned managers, it is difficult to compare performance on an "apples to apples" basis. Since the investment vehicles are generally unregulated partnerships, the methodologies used to calculate performance vary from manager to manager. Common performance reporting problems include:

- Calculating "creative" internal rates of return (IRR);
- Presenting results before the deduction of substantial fees;
- Carrying "unrealized" investments at cost for long periods;
- Ignoring the opportunity cost of holding cash while waiting for the managers to call for capital.

Because of the lack of standards in reporting performance, a meaningful comparison of managers may only be possible if returns are recalculated using consistent assumptions and practices.

Our research professionals ask the following questions, among others, when evaluating alternative managers:

- Illiquidity – How often and under what circumstances can the client withdraw invested capital?
- Lack of transparency – Is the client comfortable investing with a manager who does not reveal their holdings or activities?

- Incentives – Are there incentives for the manager to take undue risk given the performance-based fee structure?

Beacon Pointe may from time to time recommend the use of structured notes issued by unaffiliated domestic and international banks. Structured notes are not bank deposits and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency. The terms and risks of each structured note vary materially depending on the nature and volatility of the referenced asset, the credit-worthiness of the issuer, and the maturity of the instrument, among other factors. The general risks associated with this type of investment include, but are not limited to, *non-payment risk* (payment of interest and return of principal may be reduced, in whole or in part, due to underperformance of the referenced asset); *counter-party risk* (for reasons such as bankruptcy, the issuer of the structured note may fail to pay all or a portion of the principal and interest due on the structured note); and *underperformance risk* (depending on market conditions, the structured note may underperform alternative allocations to traditional bonds, the referenced asset, or a combination of such investments). Structured notes are significantly riskier than conventional debt instruments. There is a risk of loss of some or all of the principal at maturity.

Alternative investments cover a broad array of investments with different risks and potential returns. Typically, our clients have chosen conservative asset allocation strategies, and when recommending the inclusion of an alternative investment in their portfolio, the allocation has remained usually at or below 10%. For many of our clients, we have opted to implement their alternatives allocation by using a fund-of funds strategy. We have found that these strategies afford our clients the benefits of improved diversification and risk versus reward while at the same time allowing for a much greater degree of liquidity.

Mutual Funds (Open-end Investment Companies)

A mutual fund is a company that pools money from many investors and invests the money in stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these investments. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. The price that investors pay for mutual fund shares is the fund's per share net asset value (NAV) plus any shareholder fees that the fund imposes at the time of purchase (such as sales loads).

The benefits of investing through mutual funds include professional management, diversification, affordability, and liquidity. Mutual funds also have features that some investors might view as disadvantages:

Costs Despite Negative Returns

Mutual funds pay operating and other expenses from fund assets regardless of how the fund performs, which are indirectly charged to all holders of the mutual fund shares. Depending on the timing of their investment, investors may also have to pay taxes on any capital gains distribution they receive. This includes instances where the fund went on to perform poorly after purchasing shares.

Lack of Control

Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades.

Price Uncertainty

With an individual stock, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or investment adviser. Investors can

also monitor how a stock's price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund's NAV, which the fund might not calculate until many hours after the investor placed the order. In general, mutual funds must calculate their NAV at least once every business day, typically after the major U.S. exchanges close.

Exchange-Traded Funds (ETFs)

An ETF is a type of Investment Company (usually, an open-end fund or unit investment trust) containing a basket of stocks. Typically, the objective of an ETF is to achieve returns similar to a particular market index, including sector indexes. An ETF is similar to an index fund in that it will primarily invest in securities of companies that are included in a selected market. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETFs trade throughout the day on an exchange. Like stock mutual funds, the prices of the underlying securities and the overall market can affect ETF prices. Similarly, factors affecting a particular industry segment can affect ETF prices that track that particular sector.

Real Estate Investment Trusts (REIT)

Securities issued by real estate investment trusts (REITs) primarily invest in real estate or real estate-related loans. Equity REITs own real estate properties, while mortgage REITs hold construction, development and/or long-term mortgage loans. Changes in the value of the underlying property of the trusts, the creditworthiness of the issuer, property taxes, interest rates, tax laws, and regulatory requirements, such as those relating to the environment all can affect the values and liquidity of REITs. Both types of REITs are dependent upon management skill, the cash flows generated by their holdings, the real estate market in general, and the possibility of failing to qualify for any applicable pass-through tax treatment or failing to maintain any applicable exemptive status afforded under relevant laws.

Private Funds

A private fund is an investment vehicle that pools capital from a number of investors and invests in securities and other instruments. In almost all cases, a private fund is a private investment vehicle that is typically not registered under federal or state securities laws. So that private funds do not have to register under these laws, issuers make the funds available only to certain sophisticated or accredited investors and cannot be offered or sold to the general public. Private funds are generally smaller than mutual funds because they are often limited to a small number of investors and have a more limited number of eligible investors. Many but not all private funds use leverage as part of their investment strategies. Private funds management fees typically include a base management fee along with a performance component. In many cases, the fund's managers become "partners" with their clients by making personal investments of their own assets in the fund. Most private funds offer their securities by providing an offering memorandum or private placement memorandum, known as "PPM" for short. The PPM covers important information for investors and investors should review this document carefully and should consider conducting additional due diligence before investing in the private fund. The primary risks of private funds include the following:

1. Private funds do not sell publicly and are therefore illiquid. An investor may not be able to exit a private fund or sell its interests in the fund before the fund closes.
2. Private funds are subject to various other risks, including risks associated with the types of securities in which the private fund invests.

Real Estate Private Fund

A real estate private fund is a professionally managed portfolio of one or more real estate holdings. During periods of inflation and economic growth, real estate will usually post strong returns, while the opposite occurs in periods of recession. The real estate sector goes through periods of expansion and contraction, like all other sectors of the economy. Although real estate funds are usually either growth or income oriented, investors can generally expect to receive both periodic cash distributions and capital gains from the sale of appreciated properties within the portfolio. Investments in individual properties may also be able to defer capital gains through special rules.

As with all other sector funds, real estate funds tend to be more volatile than broader-based growth or income funds. As with any other sector, investors can generally expect losses in these funds when the real estate market collapses and should keep a long-term perspective when allocating funds to this sector.

Real estate funds face several kinds of risk that are inherent in this sector of the market. Liquidity risk, market risk, and interest rate risk are just some of the factors that can influence possible gain or loss that passes on to the investor. Liquidity and market risk will tend to have a greater effect on funds that are more growth-oriented, as the sale of appreciated properties depends upon market demand. Conversely, interest rate risk impacts the value of cash distributions that income-oriented funds pay out.

Real estate funds allow small investors to participate in the profits from large-scale commercial real estate enterprises, such as corporate office parks and skyscrapers. They also provide the usual benefits of mutual funds, such as professional management and diversification. This last characteristic is important for these funds, as most investors do not have a sufficient asset base to participate in commercial real estate in any direct sense, unlike stocks, which investors can purchase as individual shares at a more reasonable cost.

A real estate fund pools resources to invest in real estate properties. The fund generally seeks returns in two ways: net cash flow from renting the properties, and appreciation of the property's market value. Investments held by a real estate investment fund are illiquid. The investor's ability to sell or dispose of its interest in a real estate fund prior to the fund's termination will likely be very limited. Unlike exchange-traded stocks and bonds, the valuation of a real estate fund's portfolio will generally be far more subjective.

The ongoing costs of managing real estate investments, as well as the costs in acquiring and disposing of portfolio positions, will likely be higher than for other asset classes. The manager of a real estate fund typically seeks capital commitments up front and makes capital calls during the life of the fund. The average life span of a real estate fund generally ranges between 5 and 10 years.

Investment styles and objectives of private real estate funds include the following:

1. Property specific vs. Pools – Some real estate funds invest in a pre-determined slate of properties described in the offering memorandum, which permits for little divergence over the life of the fund. Other real estate funds leave significant discretion to the manager to identify, and invest the fund's assets in, a number of properties that fit the fund's disclosed investment guidelines.
2. Sector-Specific vs. Diversified – Some real estate funds focus on certain sectors, such as residential, industrial/office, retail, or lodging/resort, while others invest in a diversified portfolio including several sectors.

3. Geographic Focused or Diversified – Some real estate funds focus on certain geographic areas and other funds diversify across geographic regions. Like stock funds, real estate funds can invest domestically, overseas or both.

Investment Objective – Some funds focus on operating properties already generating income; appreciation potential for such funds is typically modest. Some funds seek returns from both income and capital appreciation and may seek to acquire underdeveloped or undervalued properties. Some funds seek superior returns through capital appreciation and involve greater risk. They may engage in more aggressive strategies, which may involve international or emerging market real estate, non-traditional properties, and higher leverage.

Allocation and Planning Tools

The modeling tools Beacon Pointe uses to create financial plans and asset allocations for clients rely on various assumptions, such as estimates of inflation, risk, economic conditions, and rates of return on security asset classes. All return assumptions use asset class returns, not returns of actual investments, and do not include fees or expenses that clients would pay if they invested in specific products.

Modeling software is only a tool used to help guide Beacon Pointe and the client in developing an appropriate plan, and we cannot guarantee that clients will achieve the results shown in the plan. Results will vary based on the information provided by the client regarding the client's assets, risk tolerance, and personal information. Changes to the program's underlying assumptions or differences in actual personal, economic, or market outcomes may result in materially different results for the client. Clients should carefully consider the assumptions and limitations of the software as disclosed on the analysis reports and should discuss the results of the plan with a qualified investment professional before making any changes in their investment or allocation program.

Proxy Voting

Unless otherwise requested by a client, Beacon Pointe is responsible for voting proxies for securities held in certain clients' accounts where Beacon Pointe was responsible for selecting the investment. The appointed Independent Manager is responsible for voting proxies for securities selected by the Independent Manager that are held in clients' accounts.

For the proxies that Beacon Pointe is responsible to vote, Beacon Pointe has retained, at its expense, Egan-Jones Proxy Services to handle the voting of proxies. Egan-Jones provides written vote recommendations and guidelines. Egan-Jones is not affiliated with Beacon Pointe. Beacon Pointe has adopted Egan-Jones's policy guidelines ("Proxy Comply"), and client proxies will be voted according to Proxy Comply. Beacon Pointe believes that Egan-Jones has developed policies and procedures that ensure that client proxies are voted in the best interest of our clients. Beacon Pointe reviews Proxy Comply yearly. Clients may retain the authority to vote all proxies in their account, but a client may not otherwise direct Beacon Pointe's vote for particular solicitations.

In cases where proxy voting authority for an ERISA Plan's holdings rests with Beacon Pointe, such proxies will be voted in accordance with Proxy Comply unless outlined otherwise in the plan's governing documents and subject to the fiduciary responsibility standards of ERISA.

If Beacon Pointe becomes aware of any type of potential or actual conflict of interest relating to a particular proxy proposal, Beacon Pointe's Chief Compliance Officer will be responsible for resolving the conflict. Beacon Pointe can resolve the conflict in a number of ways depending on the type and

materiality. The method selected by Beacon Pointe will depend upon the facts and circumstances of each situation and the requirements of applicable laws.

A complete copy of Beacon Pointe's current proxy voting policies and procedures is available upon request. Clients can obtain information on how their proxies were voted by contacting Beacon Pointe at the principal office and place of business indicated on page 1 of this form. In their request, clients should include their name and the account and security for which they are making the request.

For information regarding proxies voted by Independent Managers, clients should refer to the Independent Manager's ADV 2 Brochure.

Class Actions

A securities "class action" lawsuit is a civil suit brought by one or more individuals ("Plaintiffs") on behalf of themselves and others who have the same grievance against the issuer of a certain security. When a class action is filed, a written notice of filing and/or settlement is prepared (the "Notice"), which outlines the reasons for the lawsuit, the parameters for qualification as a member of the class and certain legal rights that need to be considered before becoming a member of the class (i.e. participating in the settlement). In addition, the Notice will contain instructions issued by the court or broker/dealers and/or other nominees (e.g. custodians) who receive the Notice and who hold the security on behalf of the owner/beneficiary, to either (1) provide the Claims Administrator (usually the attorney for the Plaintiffs) with the name and address of each such owner/beneficiary so the Claims Administrator can send the Notice directly to such owner/beneficiary, or (2) request additional copies of the Notice and send the Notice directly to the owner/beneficiary.

In cases where Beacon Pointe is responsible for filing class actions on behalf of clients, we have selected Chicago Clearing Corporation ("CCC"), an unaffiliated third-party vendor, to provide class action litigation monitoring and securities claim filing services on behalf of our clients. CCC will monitor for class actions for which our clients may be eligible. Upon learning of any such class actions, CCC will collect the applicable documentation, interpret the terms of each settlement, file the appropriate claim form, interact with the administrators and distribute the award to applicable clients. CCC charges clients a contingency fee which is subtracted from the award at the time of payment. Clients can opt-out entirely or list specific companies against which claims should not be filed on their behalf. Clients may change their opt-out election at any time by notifying Beacon Pointe in writing. Because Beacon Pointe provides this service to our clients through a third-party vendor, we will not monitor class action suits or process any claim forms on clients' behalf, *whether or not they opt-out* of this service. *If a client chooses to opt-out*, the vendor also will *not monitor* any class action suits from which the client may be entitled to awards, and the vendor will *not process* any claim forms on the client's behalf. Clients who opt-out are entitled to pursue securities claims themselves.

ITEM 7 – CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

Beacon Pointe collects information from clients about their financial situation, goals, and risk tolerance. Our firm communicates such non-public client information with Independent Managers on a regular basis as needed to confirm that each client's current investment goals and objectives are understood. Clients are encouraged to contact Beacon Pointe whenever investment goals and objectives changes. In most cases, we will communicate such information as part of our regular investment duties. However, we will also communicate information to Independent Managers when market or economic conditions make it prudent to do so.

ITEM 8 – CLIENT CONTACT WITH PORTFOLIO MANAGERS

Beacon Pointe has full discretion to select, change, and remove Independent Managers for the client's account. When Beacon Pointe manages accounts directly using mutual funds or other securities, we have discretion to decide the specific security to trade, the quantity, and the timing of transactions for client accounts. Beacon Pointe is not required to contact clients before making changes to the Independent Managers or placing trades in their account. Certain securities, including private funds, require the client's written agreement to participate in the investment. Independent Managers investing client assets will also have full discretionary authority over the portion of the client's account they manage.

Clients will receive confirmations directly from the broker for any trades placed. Clients grant us discretionary authority in the contracts they sign with us. Clients also give us or the Independent Managers trading authority over their accounts when they sign the custodian paperwork.

However, certain client-imposed conditions limit Beacon Pointe's discretionary authority, such as where the client places restrictions on the account investments or directs Beacon Pointe to execute transactions through specific broker-dealers.

In rare circumstances, Beacon Pointe will recommend Independent Managers and investments in mutual funds or other securities on a non-discretionary basis. In such cases, Beacon Pointe is required to get client approval before selecting or making changes to the Independent Managers or placing trades in their account. When the client approves the recommended Independent Manager, the client gives the Independent Manager trading authority over their accounts when they sign the custodian paperwork.

ITEM 9 – ADDITIONAL INFORMATION

Disciplinary Information

Beacon Pointe and our personnel seek to maintain the highest level of business professionalism, integrity, and ethics. Beacon Pointe does not have any disciplinary information to disclose.

Other Financial Industry Activities and Affiliations

Related Insurance Agency

Beacon Pointe is a related person of Beacon Pointe Insurance Services, LLC ("BPIS"), a California licensed insurance agency. Beacon Pointe and BPIS are under joint ownership and control. Certain personnel of Beacon Pointe are also licensed insurance agents of BPIS and sell insurance products to advisory clients and then receive commissions on the sale of insurance products. The insurance commissions are separate from and in addition to any advisory fees that a client pays to Beacon Pointe for investment advisory services. A conflict of interest may arise as potential BPIS insurance sales might create an incentive to recommend products based on compensation our personnel may earn. Clients are under no obligation to act on our personnel's insurance recommendations or to effect the transactions through BPIS or our personnel if they decide to follow the recommendations. In all cases, we fully disclose insurance commissions to the client.

Related Investment Adviser

Beacon Pointe is a related person of Port Street Investments, LLC ("PSI"), an SEC registered investment adviser that acts as investment adviser to a registered investment company (mutual fund). Beacon Pointe Holdings, LLC is the majority shareholder of PSI. In some cases, Beacon Pointe recommends that

our clients invest in a fund advised by PSI. PSI receives investment management fees from the funds it manages. Due to the common ownership between Beacon Pointe and PSI, we have a conflict of interest in recommending mutual funds managed by this related firm.

Other Related Businesses

Beacon Pointe has a related entity, Beacon Pointe GP, LLC, which acts as the general partner of certain private funds (the "Private Funds"). The Private Funds are not publicly offered or traded and are only available to "Accredited Investors" as the term is defined by Rule 501 of the Securities Act of 1933. The confidential offering memorandum and subscription agreement (the "Offering Documents") provide additional information on these standards. Prospective investors in the Private Funds receive the Offering Documents. Beacon Pointe or its related entity receives fees in connection with management services rendered to the Private Funds and therefore has an interest in recommending the Private Funds to Beacon Pointe's clients.

Beacon Pointe has a related firm, Beacon Pointe Integrated Services, LLC, which refers clients to third-party certified public accounting firms. Beacon Pointe Integrated Services does not currently receive compensation for these referrals. Beacon Pointe and our affiliates do not share information with an unaffiliated provider unless first authorized by the client. Clients are under no obligation to purchase any products or services through these accounting firms.

Other entities related to Beacon Pointe through common ownership: Beacon Pointe Captive Insurance and Beacon Pointe Investment Holdings, LLC. These entities do not currently offer products or services to Beacon Pointe's clients.

Agents of Unaffiliated Broker-Dealer

Certain of Beacon Pointe's personnel are also licensed as registered representatives with Purshe Kaplan Sterling Investments ("PKS"), a broker-dealer member of FINRA/SIPC. Beacon Pointe is not affiliated with PKS. In their individual capacity as registered representatives, these individuals receive trailing compensation from prior sales of securities and may also receive usual and customary commissions for sales of securities through PKS. Receipt of commissions for securities sales is a conflict of interest as it gives these registered representatives an incentive to recommend investment products based on the additional compensation received. Beacon Pointe's advisory clients are not charged both advisory fees and transaction related fees on investment products that these registered representatives recommend. When client portfolios hold securities for which related registered representatives receive commissions and/or trailing 12b-1 fees Beacon Pointe does not charge advisory fees on those securities.

Code of Ethics

Beacon Pointe believes that we owe clients the highest level of trust and fair dealing. As part of our fiduciary duty, we place the interests of our clients ahead of the interests of the firm and our personnel. Beacon Pointe's personnel are required to conduct themselves with integrity at all times and follow the principles and policies detailed in our Code of Ethics.

Beacon Pointe's Code of Ethics attempts to address specific conflicts of interest that either we have identified or that could likely arise. Beacon Pointe's personnel are required to follow clear guidelines from the Code of Ethics in areas such as gifts and entertainment, other business activities, and adherence to applicable federal securities laws. Additionally, individuals who make securities recommendations to clients, or who have access to nonpublic information regarding any clients' purchase or sale of securities, are subject to personal trading policies governed by the Code of Ethics (see below).

Beacon Pointe will provide a complete copy of the Code of Ethics to any client or prospective client upon request.

Personal Trading Practices

Beacon Pointe and our personnel can purchase or sell securities for ourselves, regardless of whether the transaction would be appropriate for the client account. Beacon Pointe and our personnel can purchase or sell securities for ourselves that we also recommend to clients. This includes related securities (e.g., warrants, options, or futures). This presents a conflict of interest as we may have an incentive to take investment opportunities from clients for our own benefit, favor our personal trades over client transactions when allocating trades, or use the information about the transactions we intend to make for clients to our personal benefit by trading ahead of clients.

Our policies to address these conflicts include the following:

- Personal securities transactions will never adversely affect clients. Beacon Pointe will monitor trading activity of our personnel to confirm that the interests of clients come first, and that the trading activity complies with applicable securities laws. All securities transactions and holdings in any account of our personnel, including accounts for which the individual is considered a beneficial owner, are subject to review by Beacon Pointe.
- Day trading (buying and selling in the same security on the same business day) of any security is strictly prohibited.
- Conflicts of interest also can arise when Beacon Pointe's personnel become aware of Limited Offerings or IPOs, including private placements or offerings of interests in limited partnerships or any thinly traded securities, whether public or private. Given the inherent potential for conflict, Limited Offerings and IPOs demand extreme care. Beacon Pointe's personnel are required to obtain pre-approval from the Chief Compliance Officer before trading in these types of securities.
- For the clients for which Beacon Pointe assigns a sub-adviser, Beacon Pointe's personnel does not have access to the transactions in client accounts until after the trades have been placed. Therefore, we cannot take advantage of client trades in accounts managed by sub-advisers.

Participation or Interest in Client Transactions

Beacon Pointe may recommend the Private Funds, which are managed by Beacon Pointe GP, LLC, a related entity, to clients for whom Beacon Pointe believes the investment is suitable. Beacon Pointe only recommends a Private Fund to clients who satisfy the requisite income and/or net worth requirements and for whom Beacon Pointe believes the investment is appropriate based on the client's ability to accept the risk. Clients will receive the confidential offering memorandum and disclosure of known risks before investing. A conflict exists because Beacon Pointe stands to benefit from additional investments in the Private Funds. To address this conflict, when Beacon Pointe recommends a Private Fund to an advisory client and such client invests in the Private Fund, that client's Private Fund management fees will be waived.

Additionally, Beacon Pointe may recommend that its clients invest in a mutual fund advised by PSI, a related investment adviser. Due to the common ownership between Beacon Pointe and PSI, Beacon Pointe has a conflict of interest in recommending mutual funds managed by this related firm. In the

event that Beacon Pointe utilizes mutual funds or investment products managed by related firms, clients will not be charged Beacon Pointe's investment management asset-based fees on the portion of the client's assets invested in the fund.

Review of Accounts

Account Reviews

The primary consultant/advisor assigned to the account reviews accounts quarterly. Account reviews typically consider account performance, asset allocation, and overall portfolio construction.

Clients are encouraged to meet with Beacon Pointe on at least an annual basis to review any changes to investment objectives, account performance, and financial planning issues.

Account Reporting

All Wrap Fee Program clients receive monthly reports from their custodian(s) regarding their assets showing the portfolio inventory and transactions during that period. Typically, Beacon Pointe will provide written reports quarterly to clients showing investment results, including time-weighted returns and performance against the applicable benchmarks.

Financial Plan Reviews

A Managing Director, Financial Planner or the primary consultant/advisor assigned to the account is responsible for creating and reviewing clients' financial plans, as applicable. Beacon Pointe reviews financial plans on an as needed basis upon request of the client.

Client Referrals and Other Compensation

Benefits We Receive from Custodial Brokers

We receive an economic benefit from Schwab and TD Ameritrade in the form of the support products and services they make available to us and other independent investment advisors whose clients maintain their accounts in their custody. We describe these benefits in our **Form ADV, Part 2A brochure** under **Item 12 – Brokerage Practices**. The availability of custodial brokers' products and services to use is not based on us giving particular investment advice, such as buying particular securities for our clients.

Payment for Client Referrals

If an unaffiliated or an affiliated solicitor introduces a client to Beacon Pointe, we generally pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. If an unaffiliated solicitor introduces a client to Beacon Pointe, that solicitor will disclose the nature of the solicitor relationship with Beacon Pointe at the time of the solicitation. In addition, the solicitor will provide each prospective client with a copy of this brochure, and a copy of the written disclosure statement from the solicitor to the client disclosing the terms and conditions of the arrangement between Beacon Pointe and the solicitor, including the compensation that Beacon Pointe pays the solicitor and whether or not the client is paying higher fees to Beacon Pointe as a result of the solicitation. Any affiliated solicitor of Beacon Pointe will disclose the nature of the relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of this brochure.

Financial Information

Registered investment advisers are required to provide clients with certain financial information or disclosures about the firm's financial condition. Beacon Pointe does not foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.