

## Item 1

## Cover Page

335 Madison Avenue, 23<sup>rd</sup> Floor  
New York, NY 10017  
(212)850-4260  
[www.bwa-mx.com](http://www.bwa-mx.com)  
September 14, 2021

This brochure ("Brochure") provides information about the qualifications and business practices of BAJA WEALTH ADVISORS LLC ("BWA"). If you have any questions about the contents of this Brochure, please contact us at (212) 476-5777 or [sevans@ceritypartners.com](mailto:sevans@ceritypartners.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

BWA is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with the information to evaluate in deciding to hire or retain an adviser.

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

**Item 2****Material Changes**

The following is a summary of material changes to this Disclosure Statement from the annual updating ADV amendment submitted to the Securities and Exchange Commission in March 2021:

No Material Changes

## Item 3 Table of Contents

<b>Item 1 – Cover Page</b> .....	<b>i</b>
<b>Item 2 – Material Changes</b> .....	<b>ii</b>
<b>Item 3 – Table of Contents</b> .....	<b>iii</b>
<b>Item 4 – Advisory Business</b> .....	<b>1</b>
<i>Firm Description and Principal Ownership</i> .....	<b>1</b>
<i>Services Offered</i> .....	<b>1</b>
<i>Customization</i> .....	<b>1</b>
<i>Assets Under Management</i> .....	<b>1</b>
<b>Item 5 – Fees and Compensation</b> .....	<b>2</b>
<b>Item 6 – Performance-Based Fees and Side-By-Side Management</b> .....	<b>2</b>
<b>Item 7 – Types of Clients</b> .....	<b>2</b>
<b>Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss</b> .....	<b>3</b>
<i>Risk Factors:</i> .....	<b>4</b>
Cash .....	<b>4</b>
Global Fixed Income .....	<b>4</b>
Global Equity.....	<b>5</b>
Real Return .....	<b>5</b>
Private Equity and Hedge Funds .....	<b>6</b>
<b>Item 9 – Disciplinary Information</b> .....	<b>6</b>
<b>Item 10 – Other Financial Industry Activities and Affiliations</b> .....	<b>6</b>
<b>Item 11 – Code of Ethics</b> .....	<b>8</b>
<b>Item 12 – Brokerage Practices</b> .....	<b>9</b>
<i>Factors in Selecting or Recommending a Custodian or Broker-Dealer:</i> .....	<b>9</b>
Research and Other Economic Benefits .....	<b>9</b>
Directed Brokerage Permitted .....	<b>9</b>
<i>Trade Aggregation</i> .....	<b>10</b>
<b>Item 13 – Review of Accounts</b> .....	<b>10</b>
<i>Account Reviews</i> .....	<b>10</b>
<i>Reporting</i> .....	<b>10</b>
<b>Item 14 – Client Referrals and Other Compensation</b> .....	<b>10</b>
<b>Item 15 – Custody</b> .....	<b>11</b>
<b>Item 16 – Investment Discretion</b> .....	<b>11</b>
<b>Item 17 – Voting Client Securities</b> .....	<b>11</b>
<b>Item 18 – Financial Information</b> .....	<b>12</b>

## Item 4 Advisory Business

### *Firm Description and Principal Ownership*

BWA is an SEC registered investment adviser offering customized financial advice to individuals and families. BWA was formed in August of 2017 by a group of experienced professionals and Cerity Partners.

Cerity Partners formed as a limited liability company in August of 2009 under the laws of the state of Delaware. Cerity Partners is controlled by Cerity Partners Equity Holding LLC, an entity controlled by Cerity Partners EOE LLC which is owned by certain employees of Cerity Partners and Cerity Partners Holdings LLC, which is a wholly owned subsidiary of Lightyear Fund IV AIV-1, L.P. ("LY Fund IV"), an investment fund advised by an affiliate of Lightyear Capital LLC ("Lightyear"), a registered investment adviser. Further information regarding Lightyear is set forth in its Form ADV filed with the U.S. Securities and Exchange Commission.

### *Services Offered*

Baja Wealth Advisors offers the following services: Investment

#### Advisory

- Current portfolio evaluation
- Assessment of investment objectives and financial goals
- Investment policy development
- Strategic asset allocation planning
- Manager search and evaluation
- Investment program implementation and rebalancing
- Portfolio monitoring and risk management
- Performance measurement and attribution analysis

#### Wealth Planning

- Net worth analysis
- Liquidity and liability management
- Insurance planning and risk management
- Estate and wealth transfer planning
- Compensation and benefits analysis
- Retirement planning
- Education planning
- Philanthropy and charitable gift planning

### *Customization*

BWA tailors all services to the individual investment needs of its clients by determining each client's specific goals, objectives, risk tolerance, time horizon, investment restrictions and other factors that might affect the client's investment needs (collectively, the "Investment Profile"). Based on this determination, BWA designs and implements an asset allocation framework geared toward achieving the defined objectives. BWA customizes all portfolios to the Investment Profile of each client. BWA will work with clients to implement any reasonable investment restrictions on their investment accounts (e.g., socially responsible, environmentally friendly, religious based, etc.). BWA requires clients to provide all requests for investment restrictions in writing.

### *Assets Under Management*

As of December 31, 2020, BWA has \$71,012,785 in assets under management of which BWA manages \$8,183,520 of client assets on a discretionary basis and \$62,829,305 of client assets on a non-discretionary basis.

Its parent organization Cerity Partners and its other subsidiaries advise and/or report on over \$33 billion in assets.

## Item 5 Fees and Compensation

Depending on the services provided, BWA will charge a standard asset-based of 1.25% or fixed fee. While BWA's standard engagement is inclusive of all services, we may from time to time quote a fixed annual retainer for financial planning and other services based on the scope of the engagement. BWA's fees are exclusive of, and in addition to, charges imposed by custodians, brokers, third party investment managers, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. In addition, mutual funds and exchange-traded funds charge internal management fees, which the fund discloses in its prospectus. BWA will not share in any of these additional fees. Item 12 further describes the factors that BWA considers in selecting or recommending broker-dealers for its clients' transactions and determining the reasonableness of their compensation. The more assets in a client's account(s) will result in more fees, so BWA may have an incentive to recommend the client increase the assets in their accounts.

BWA calculates fees quarterly in arrears and either mails an invoice to the client for payment or debits fees directly from the client's account. Where the fee is charged as a percentage of the assets managed by BWA, BWA will calculate the fee based on the value of the assets in the client's account(s) at the end of the quarter or using average daily balance of assets as of end of day in client account(s). BWA relies on independent third-party pricing services to calculate the value of client assets. BWA will charge a prorated fee for any accounts initiated or terminated during a calendar quarter. Upon termination of any account, any earned, unpaid fees will be due and payable and debited directly from the client's investment accounts.

The above represents BWA' standard fee. In various circumstances, BWA' standard fees may be, and from time to time are, negotiated. Negotiated fees may be lower than the standard fee. In BWA' sole discretion, negotiated fees are based upon certain criteria, including, but not limited to, client needs, related accounts, services required, reporting requirements, anticipated assets to be managed, and future additional assets. Certain legacy client agreements are governed by fee schedules different from the standard fee disclosed above, and based upon prior contractual relationships or historical fee schedules.

## Item 6 Performance-Based Fees and Side-By-Side Management

BWA may enter into performance fee arrangements with qualified clients. All performance-based fee arrangements are subject to individual negotiation. BWA will structure any performance or incentive fee arrangement in compliance with the provisions of Section 205(a)(1) of the Investment Advisers Act of 1940 (the "Advisers Act") and the rules promulgated under the Advisers Act. In measuring clients' assets for the calculation of performance-based fees, BWA will include realized and unrealized capital gains and losses. Performance based fee arrangements may create an incentive to recommend investments, which may be riskier or more speculative than those that would be recommended under a different fee arrangement. Performance-based fee arrangements also may create an incentive to favor performance-based fee-paying accounts over other accounts in the allocation of investment opportunities. BWA has procedures designed and implemented to ensure that it treats all clients fairly and equally and prevents any potential conflicts from influencing the allocation of investment opportunities among clients.

## Item 7 Types of Clients

BWA provides its services to high-net worth individuals, families and their trusts, business entities, foundations and endowments.

As a condition for starting and maintaining a relationship, BWA generally requires a minimum portfolio size of \$2,000,000 and a minimum annual fee of \$25,000. These minimums may have the effect of making BWA's service impractical for certain individuals or entities. BWA, in its sole discretion, may waive its stated account minimum or charge a lesser minimum fee. Additionally, certain third-party managers recommended by BWA may impose more

restrictive account requirements and use different billing practices from those of BWA. In these cases, BWA may alter its account requirements and/or billing practices to accommodate the third-party manager.

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

Asset allocation is a strategy, advocated by modern portfolio theory, for reducing risk in an investment portfolio in order to maximize returns. Specifically, asset allocation means dividing client assets among different broad categories of investments, called asset classes, under the presumption that each different asset class performs differently as economic conditions change. BWA develops an asset allocation strategy for each client based on the client's unique Investment Profile. BWA uses six (6) primary assets classes and sixteen (16) sub-asset classes in developing its allocations:

- Cash and Cash Equivalents
- Global Fixed Income
  - Domestic Tax-Exempt
  - Domestic Govt./Agency
  - Emerging-Market Debt
- Global Equity
  - Large-Cap Domestic
  - Small-/Mid-Cap Domestic
- Real Return
  - Real Estate
  - Commodities
  - Treasury Inflation-Protected Securities (TIPS)
- Investment-Grade Credit
- Private Equity
- High-Yield Credit
- International Equity
- Global Bonds
- Emerging-Market Equity
- Hedge Funds

BWA will design an investment program based on the client's particular Investment Profile. BWA will rebalance, as necessary, the client's portfolio from time to time to bring the allocation within the parameters of its investment program policies. In addition, BWA will re-evaluate each client's circumstances on a regular basis and adjust its recommendations as necessary to respond to changes in the client's Investment Profile. BWA may in its sole discretion develop a custom investment risk profile in conjunction a particular client's needs goals and objectives which may deviate from the above risk profiles. Diversification of investments among asset classes does not insulate an investor from market risk and does not ensure a profit. There is no guarantee that BWA will design a portfolio that will meet the client's objectives or be profitable. In developing and maintaining its investment profiles and designing client portfolios, BWA collaborates with industry leading consultants to obtain market information and perform investment and investment manager due diligence.

Typically, BWA implements its recommendations by allocating a client's assets among managers who specialize in managing assets according to each of BWA's sixteen (16) recognized asset classes. However, in certain circumstances, BWA may implement its recommendations by selecting individual securities. Certain investments, such as private equity and hedge funds, may require investors to meet eligibility requirements or limit liquidity. To accommodate all client profiles and preferences, BWA develops suitable investment programs, which either include or exclude individual securities, third party managers, hedge funds and private equity as necessary.

From time to time, BWA reviews all investment programs to assess their effectiveness relative to current objectives and market conditions. Based on these reviews, BWA may change the make-up of its investment strategies. The underlying investments and the portfolio allocation ranges in each strategy are subject to change from time to time without notice.

BWA, in addition to its asset allocation models described above, offers its Special Opportunities Strategy (the “SO Strategy”) as a supplemental investment program. The SO Strategy is an actively managed program that seeks to take advantage of short-term, liquid market mispricing of equities, business development companies (BDC), and exchange traded funds (ETF) adding potential unique short-term opportunities to the client’s overall asset allocation. BWA targets (3) three specific areas of opportunities in the SO Strategy:

- i. Macroeconomic Opportunities – take advantage of our short-term views of the markets
- ii. Market Technical Opportunities – invest in securities trading at a perceived discount due to unique market factors
- iii. Stock Specific Opportunities – investing in specific equity positions that show a mispriced opportunity for short term growth.

BWA may employ options, including call-writing, put writing, and spread strategies to implement the SO Strategy. BWA expects to implement the SO Strategy in a client’s taxable accounts and typically incur short term capital gains tax obligations. The SO Strategy is an aggressive growth strategy with the potential for high volatility. To mitigate the volatility risk BWA may use 10% loss or gain in a particular security as a trigger to sell that security. BWA does not recommend the SO Strategy to replace its holistic asset allocation strategies. While BWA does not charge an additional fee for the SO Strategy, because it is actively managed with more frequent trades, clients may incur more transaction fees than in a passively managed strategy. BWA does not share in any of these transaction fees.

Investing in securities involves risk of loss that clients should be prepared to bear. While no list of risks could be exhaustive, the following is a list of risks associated with the asset classes contained in BWA’s investment programs and recommendations.

#### *Risk Factors:*

##### Cash

- *inflation risk*, which is the risk that the rate of inflation will erode the purchasing power of cash over time.

##### Global Fixed Income

- *interest rate risk*, which is the chance that fixed income prices overall will decline because of rising interest rates;
- *inflation risk*, which is the risk that the rate of return on fixed income investments will be lower than the rate of inflation;
- *income risk*, which is the chance that the income produced by investments will decline because of falling interest rates;
- *credit risk*, which is the chance that a bond issuer will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer’s ability to make such payments will cause the price of that bond to decline; and
- *call risk*, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (repay) securities with higher coupons or interest rates before their maturity dates. The investment would then lose any price appreciation above the bond’s call price, and BWA would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the income produced by the investment. For mortgage-backed securities, this risk is known as *prepayment risk*.

Global Equity

- *stock market risk*, which is the chance that equity prices overall will decline;
- *country/regional risk*, which is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of companies in a particular country or region; and
- *currency risk*, which is the chance that the value of a foreign investment, measured in US dollars, will decrease because of unfavorable changes in currency exchange rates.

Real Return

- Real Estate: All of the following, if they were come to pass, tend to negatively affect the value of real estate and investments linked to real estate:
  - changes in economic conditions;
  - changes in interest rates;
  - property tax increases;
  - overbuilding and increased competition;
  - environmental contamination;
  - changes in zoning; and
  - the impact of natural disasters.
- Commodities: The following tend to negatively affect the value of commodities and investments linked to commodities:
  - changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments;
  - energy related commodities (such as oil and gas) can be significantly affected by changes in the prices and supplies of oil and other energy fuels, energy conservation, the success of exploration projects, and tax and other government regulations, policies of the Organization of Petroleum Exporting Countries (OPEC) and relationships among OPEC members and between OPEC and oil importing nations.
  - metals (such as gold and silver) can be affected by sharp price volatility over short periods caused by global economic, financial and political factors, resource availability, government regulation, economic cycles, changes in inflation or expectations about inflation in various countries, interest rates, currency fluctuations, metal sales by governments, central banks or international agencies, investment speculation and fluctuations in industrial and commercial supply and demand.

Private Equity and Hedge Funds:

- *limited operating history*, hedge funds and private equity funds are often created for specific investment opportunities and often have limited or no operating history;
- *key personnel*, hedge funds and private equity funds are typically dependent on certain key employees whose loss could adversely affect a fund's performance;
- *illiquidity*, investments in hedge funds and private equity funds are typically subject to "lock-up" periods and redemption restrictions that will inhibit an investor for withdrawing funds from these investments. In addition, there is almost no secondary market hedge fund and private equity fund interests further limiting an investor's ability to "cash out" of such an investment.



- *regulatory risk*, hedge funds and private equity funds have operated in a substantially unregulated environment for many years; however, the Dodd Frank Wall Street Reform and Consumer Protection Act became law in July 2010 and materially increased regulation of the financial markets in general as a result of the 2008 “financial crisis.” Hedge funds and private equity funds may be subject to additional regulation in the future, and any such additional regulation may be materially adverse to their investment prospects.

In addition to the risks associated with the individual asset classes discussed above, BWA’s investment methodology is subject to:

- *asset allocation risk*, which is the chance that the selection of underlying investments and the allocation of assets to them, will cause the client’s portfolio to underperform other investments or strategies with similar investment objectives; and
- *manager risk*, which is the chance that poor security selection or focus on securities in a particular sector, category or group of companies will cause one or more of the underlying third-party managers selected by BWA to underperform relevant benchmarks or other strategies with similar investment objectives.
- *cybersecurity risks*, BWA information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by its professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although BWA has policies and procedures and has implemented various measures to manage risks relating to these types of events; however, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, BWA may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in BWA’s operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm BWA’s reputation or subject it or its affiliates to legal claims and otherwise affect their business and financial performance, potentially resulting in financial losses to an investor and/or client. Additionally, any failure of BWA’s information, technology or security systems could have an adverse impact on its ability to manage the portfolios of advisory Clients.

The client’s exposure to the risk factors discussed above is proportionate with the percentage of their portfolio allocated to a particular asset class.

## Item 9 Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the adviser or the integrity of adviser’s management. BWA has no information applicable to this Item.

## Item 10 Other Financial Industry Activities and Affiliations

BWA is 50% owned by Cerity Partners. Cerity Partners is wholly owned by Cerity Partners Equity Holding LLC, which is majority owned by Cerity Partners Holdings, LLC through which LY Fund IV has an indirect investment in Cerity Partners. However, Lightyear, LY Fund IV, and their affiliates do not have any role in the Firm’s investment process related to the management of client assets. See Item 11 for information regarding the Information Barrier policy adopted by Cerity Partners and its subsidiaries, and Lightyear.

BWA is a subsidiary of Cerity Partners which is the sole owner of Private Market Opportunities Fund, Holdings, LLC. (“PMOF”), Cerity Partners Retirement Plan Advisors LLC (“RPA”) and Sage Advisors, LLC (“Sage”), which are SEC registered investment advisers, and also of BD4DIA Insurance Agency LLC. Cerity Partners provides each of these entities with office space, personnel and other resources pursuant to an administrative services agreement with each firm.

Sage is the general partner of Hampshire Associates Fund, L.P., Hampshire Associates Fund QP, L.P., Hampshire Institutional Fund, L.P., and Praesidio Low Volatility Fund, L.P. (collectively the “Sage Funds”) to engage primarily in the business of investing and trading in securities. As of December 1, 2020, Sage is the investment adviser to 6 unaffiliated private funds, Global Equity Access Fund, L.P., MAI Wealth Private Equity Fund, L.P., Algonquin Special Opportunities Fund I, L.P., Algonquin Middle Market Opportunities Fund, L.P., AMMOF Ltd. and AMMOF AIV, L.P. collectively referred to as “the Algonquin Funds”, and the Sage Funds and Algonquin Funds together are collectively referred to as “the Funds”. Interests in the Funds are privately offered pursuant to Regulation D under the Securities Act of 1933, as amended. Each of the Funds currently relies on an exemption from registration under the Investment Company Act of 1940, as amended. Sage has discretionary authority to determine the broker or dealer to be used by the Funds. The Funds seek to achieve capital preservation and above-average risk-adjusted returns through the use of a “multi-manager diversification” strategy. Sage seeks to achieve these investment objectives by utilizing a “multi-style, multi-manager diversification” strategy, an investment strategy under which assets are invested through various non-affiliated third-party managers.

Participation as an investor in the Funds is generally offered to investors that are qualified clients pursuant to the requirements under Rule 205-3 under the Advisers Act, as well as are “accredited investors” as defined under Rule 501 of the Securities Act of 1933, as amended, and for investments in certain Funds, “qualified purchasers” as defined under the Investment Company Act of 1940, as amended. Please refer to each of the Funds’ Governing Documents for complete details on each of the Funds.

To the extent certain of the BWA’s individual advisory clients qualify, they will be eligible to participate as limited partners of the Funds through Sage. Investment in the Funds involves a significant degree of risk. All relevant information, terms and conditions relative to the Funds, including the compensation received by the Sage or any affiliate as the general partner and/or investment manager, suitability, risk factors, and potential conflicts of interest, are set forth in offering documents which each investor is required to receive and/or execute prior to being accepted as an investor in the Funds.

Sage will devote its best efforts with respect to its management of the Funds. Given the above discussion relative to the objectives, suitability, risk factors, and qualifications for participation in the Funds, Sage may give advice or take action with respect to the Funds that differs from that which BWA may give for individual client accounts. To the extent that a particular investment is suitable for both the Funds and certain individual client accounts, BWA and Sage have policies and procedures to ensure such investments will be allocated between the Funds and the individual client accounts pro rata based on the assets under management or in some other manner BWA determines is fair and equitable under the circumstances to all of its clients.

To mitigate the conflict of interest of offering proprietary private funds offered by BWA’s affiliates, BWA’s current policy does not allow access to its clients to invest in the private funds managed by its affiliates.

BWA endeavors at all times to put the interest of their clients first over their own personal interests and/or the personal interests of their affiliates as part of their fiduciary duty as registered investment advisers and take the following steps to address potential conflicts arising from the services BWA provides to its clients:

1. BWA discloses to its clients the existence of all material conflicts of interest, including the potential for Sage to earn additional compensation from the client in connection with Sage’s investment management provided for the Funds;
2. BWA discloses to its clients that they are not obligated to purchase the Funds or any other additional advisory and non-advisory services from BWA’s or its affiliates not covered under the client’s specific signed Agreement;
3. BWA requires that employees seek prior approval of any outside employment activity so that BWA may ensure that any conflicts of interests in such activities are properly addressed;
4. BWA periodically monitors these outside employment activities to verify that any conflicts of interest continue to be properly addressed; and
5. BWA educates employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

Kurt Miscinski, Cerity Partners' President, is a member of the Capital Group's RIA Insider Advisory Board. Cerity Partners may recommend certain Capital Group investment products to its clients which creates a potential conflict of interest. To mitigate this conflict, Kurt Miscinski is an uncompensated member of the RIA Insider Advisory Board and as stated in Item 5, Cerity Partners does not share in fees or commissions charged on investments it recommends.

Additional RPA employees serve on the advisory boards of several investment companies, Franklin Templeton and PIMCO Asset Management, as well as several plan administrators, Empower Retirement, Lincoln Financial Group, and John Hancock. As described in Item 4 of this Form ADV, RPA recommends to Clients both investment companies, also known as mutual funds, and plan administrators as part of its ERISA Fiduciary and Non- Fiduciary Services which creates a potential conflict of interest. To mitigate this conflict, RPA employees are not compensated for their time serving on their respective advisory boards, but the investment companies and plan administrators will pay for or reimburse RPA employees' travel, lodging, meals and other incidental expenses incurred in attending these advisory board meetings. As previously stated in Item 5, RPA does not receive compensation from investment companies and plan administrators.

John Hyman of Cerity Partners serves on the Franklin Templeton Client Solutions Advisory Board and Cohen and Steers' Client Advisory Board. Although Mr. Hyman is not paid for his Advisory Board service, he is reimbursed for reasonable travel expenses, and generally attends either a Franklin Templeton or Cohen and Steers sponsored Advisory Board dinner. Cerity Partners has purchased in the past and could purchase in the future, if and when it deems appropriate, Legg Mason or Cohen and Steers mutual funds, separately managed accounts or other investment offerings for client accounts or Private Investment Vehicles. Because of Mr. Hyman's service on the respective Advisory Boards, a conflict of interest exists. Accordingly, Cerity Partners and its affiliates will only invest in Franklin Templeton or Cohen and Steers investments for advisory clients only when the Investment Committee has determined that the either Franklin Templeton investment meets the standards and criteria that would warrant the Focus List. John Hyman, as a voting member of Cerity Partners' investment committee, abstains from voting when Franklin Templeton or Cohen and Steers is being considered.

As of May 2020, Schwab acquired Wasmer Schroeder & Company, LLC ("Wasmer"), a third-party manager. As described under Item 12, BWA or its affiliates may recommend that clients establish brokerage accounts with Schwab, to maintain custody of its clients' assets; and as described in Item 8, BWA may recommend that its clients' assets be allocated among third party managers, including Wasmer. The transaction between Schwab and Wasmer creates a conflict of interest for BWA because BWA has incentives to recommend Schwab as a qualified custodian and may have an incentive to recommend Wasmer because of its affiliation with Schwab. BWA mitigates this conflict by continuing to evaluate Wasmer per its investment selection policies and procedures.

## Item 11 Code of Ethics

BWA has adopted a Code of Ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws. All supervised persons at BWA must acknowledge the terms of the Code of Ethics annually, or when it is amended. In accordance with Section 204A-1 of the Advisers Act, the Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading and personal securities trading procedures.

LY Fund IV has an ownership interest in BWA through its indirect investment in Cerity Partners. However, Lightyear, LY Fund IV, and their affiliates do not have any role in BWA's investment process related to the management of client assets. In connection with the indirect investment in Cerity Partners by LY Fund IV, an information barrier policy has been adopted by Cerity Partners and Lightyear to protect Cerity Partners and its subsidiaries, its personnel and advisory clients (i.e., individual and institutional managed accounts and other similar vehicles or arrangements), on

the one hand, and Lightyear and its affiliates, on the other hand, from being exposed to or deemed to possess proprietary information or material, non-public information relating to the other parties' respective activities or investments, including information about specific issuers or trades and positions in commodity interests.

Clients or prospective clients may request a copy of the BWA Code of Ethics by contacting Stuart Evans at (212) 476-5777 or sevans@ceritypartners.com.

BWA anticipates that it may recommend, in appropriate circumstances and consistent with clients' investment objectives, the purchase or sale of securities in which it, an affiliate (including individual employees) or a client have a position. BWA, its employees and persons associated with BWA are required to follow BWA's Code of Ethics in these circumstances. The Code of Ethics is designed to prevent the personal securities transactions, activities and interests of the employees of BWA from harming the interests of BWA's clients. Accordingly, the Code of Ethics prohibits BWA, its affiliates and its employees from trading in any security that BWA is considering on behalf of clients until BWA either executes the trade or decides not to trade.

However, BWA, its affiliates and its employees may trade in the same securities with client accounts on an aggregated basis when consistent with BWA's obligation of best execution. In these circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. BWA will retain records of the trade order and its allocation. Completed orders will be allocated as specified in the initial trade order. BWA will allocate partially filled orders on a pro rata basis. Employee and affiliate trading is continually monitored under the Code of Ethics in order to reasonably ensure compliance.

## Item 12 Brokerage Practices

### Factors in Selecting or Recommending a Custodian or Broker-Dealer:

BWA considers, among other things, the financial strength, reputation, execution, pricing, research, service, and performance when selecting or recommending a broker-dealer, custodian, or third-party manager for its clients.

### Research and Other Economic Benefits

Consistent with obtaining best execution, BWA may recommend that clients use the brokerage and custody services of certain broker-dealers with which BWA has entered services agreements. Under these services agreements BWA may receive cash credits toward research (including evaluations of securities and portfolio managers) and portfolio management and business support tools (including portfolio management software and trading tools) in exchange for recommending the broker-dealer to clients and provided a certain amount of client assets remain at the broker-dealer for custody services.

BWA will generally use the research and portfolio management tools to service all clients. Such service agreements are a conflict of interest because BWA receives benefits that aid in its business operations without having to pay for them. Accordingly, BWA may have an incentive to recommend to clients a broker-dealer based on that broker-dealers' willingness to provide benefits to BWA pursuant to a service agreement, rather than on the client's interest in receiving best trade execution.

At the outset of the client relationship, BWA will describe its services and advise the clients of its recommended broker-dealers/custody providers. However, the client ultimately decides on which broker-dealer/custodian to use.

BWA may accept reimbursement of general marketing expenses, sponsorship of client or prospect events from certain third-party managers that it recommends to clients; however, it does not accept any direct payments from any third-party managers for recommending their investment products. This creates a conflict because it may give BWA an incentive to recommend managers willing to sponsor BWA's events. BWA has policies and procedures in place to ensure its recommended managers meet its investment guidelines regardless of their willingness to participate in sponsoring such events.

### Directed Brokerage Permitted

BWA allows clients to direct the use a particular broker-dealer and/or custodian to execute some or all transactions for their accounts. Where the client elects to direct a broker-dealer or custodian, the client will be responsible to negotiate terms and arrangements for the account with that broker-dealer or custodian. BWA will not seek better execution services or prices from other broker-dealers or custodians. BWA will not be able to aggregate client transactions for execution through other broker-dealers or custodians with orders for other accounts it manages (see Trade Aggregation below). As a result, the client may pay higher commissions or other transaction costs or receive

less favorable net prices on transactions for their accounts.

#### *Trade Aggregation*

BWA will generally place trades individually for each client account, unless it decides to purchase or sell the same securities for several clients at approximately the same time. In these situations, where practical, BWA's individual portfolio managers will combine the orders of their respective clients to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among client's differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, BWA will average the price received in the transaction and allocate the securities among clients' pro rata to the purchase and sale orders placed for each client on any given day. BWA will not receive any additional compensation because of the aggregation. In the event that BWA determines that a prorated allocation is not appropriate under the circumstances, it may change the allocation based upon relevant factors, which may include: (i) when only a small percentage of the order is executed, BWA may allocate shares to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) BWA may allocate to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a *pro rata* allocation of a potential execution would result in a very small allocation in one or more accounts, BWA may exclude the account(s) from the allocation; the transactions may be executed on a *pro rata* basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

## Item 13 Review of Accounts

#### *Account Reviews*

BWA continuously monitors investment accounts to ensure compliance with clients' stated goals and objectives. BWA investment professionals review all investment accounts on a quarterly basis to assess the past quarter's investment performance, manager recommendations, portfolio risk, opportunities to rebalance and the overall effectiveness of the investment program. On an annual basis, the investment committee formally reviews all investment accounts. For those clients to whom BWA provides financial planning and or tax services, reviews are conducted on an "as needed" basis. Such reviews are conducted by one of BWA's investment, financial planning and/or tax professionals. All clients are encouraged to discuss their needs, goals, and objectives with BWA and to keep BWA informed of any changes thereto. BWA shall contact all clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

#### *Reporting*

The broker-dealer or custodian of the client's accounts provides the client with transaction confirmation notices and regular summary account statements independent of BWA. Those clients to whom BWA provides investment advisory services may also receive a written report from BWA that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a quarterly basis.

Those clients to whom BWA provides financial planning and/or tax services will receive reports from BWA summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by BWA.

## Item 14 Client Referrals and Other Compensation

From time to time, BWA may receive client referrals from both affiliated and unaffiliated parties. In these circumstances, BWA may pay that referral source a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any applicable corresponding state securities law requirements. BWA will pay any referral

fee solely from its fee. BWA will not increase the client's fee nor impose any additional charge on the client. If the client is introduced to BWA by an unaffiliated party, the client will be provided with a copy of BWA's Brochure and a copy of a disclosure statement containing the terms and conditions of the referral arrangement including compensation. Any affiliated party of BWA making a referral will disclose the nature of the affiliation to the prospective client at the time of the referral and all prospective clients will be provided with a copy of BWA's Brochure.

A client may engage certain individuals employed by BWA or its affiliates (but not the BWA entity or an affiliate entity) to provide securities brokerage services under a commission arrangement. Under this arrangement, the client may implement securities transactions through certain of BWA's employees, in their respective individual capacities as registered representatives of an unaffiliated SEC registered broker-dealer ("BD") and member of the FINRA.

## Item 15 Custody

BWA neither takes physical possession of client cash nor securities. BWA may be deemed to have custody over client cash or securities, pursuant to Rule 206(4)-2 of the Advisers Act, where it maintains certain standing instructions to transfer funds out of client accounts. However, BWA is not subject to an annual surprise custody exam.

## Item 16 Investment Discretion

BWA typically receives discretionary authority from the client to select third-party investment managers and/or select the identity and amount of securities to be bought or sold at the outset of an advisory relationship by means of a limited power of attorney clause contained in the investment management agreement. BWA only exercises its investment discretion consistent with the stated investment objectives for the particular client account.

## Item 17 Voting Client Securities

BWA may vote proxies on behalf of its clients. When BWA accepts proxy voting responsibility, it will only cast proxy votes in the best interest of its clients. Absent special circumstances, which are fully described in BWA's proxy voting policies and procedures, BWA will vote all proxies according to proxy voting guidelines established and described in its proxy voting policies and procedures. Where BWA has accepted proxy voting authority on behalf of a client, the client may direct a vote on a particular issue by providing BWA written instructions of their voting direction, 30 days prior to the date that vote is due. At any time, clients may contact the Stuart Evans of BWA at (212) 476-5777 or sevans@ceritypartners.com to request a copy of BWA proxy voting policies and procedures or for information about how BWA voted proxies for that client's securities. The following is a summary of BWA's proxy voting policies and procedures:

- BWA has designated an investment analyst that will be responsible for monitoring corporate actions, making voting decisions in the best interest of clients, and ensuring that proxies are submitted in a timely manner.
- The investment analyst will generally vote proxies according to the current proxy voting policies and procedures. The proxy voting policies and procedures include many specific examples of voting decisions for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues; and issues involving mutual funds.
- Although the investment analyst is to follow the proxy voting policies and procedures as a general policy, certain issues will be considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, the investment analyst shall devote an appropriate amount of time and resources to monitor these changes and consult with BWA's investment committee when necessary.



- BWA may occasionally be subject to conflicts of interest in the voting of proxies due to business or personal relationships it maintains with persons having an interest in the outcome of certain votes. If the investment analyst becomes aware of any potential or actual conflict of interest relating to a particular proxy proposal, they will promptly report such conflict to the investment committee. The investment committee will resolve conflicts of interest in various ways depending on their type and materiality of the conflict. The investment committee will take the following steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict:
  - Where the proxy voting guidelines outline BWA's voting position, either as "for" or "against" such proxy proposal, BWA will vote in accordance with the proxy voting guidelines.
  - Where the proxy voting guidelines outline the BWA voting position to be determined on a "case-by-case" basis for such proxy proposal, or such proposal is not contemplated in the proxy voting guidelines, then the investment committee will select one of the two following methods based on the facts and circumstances of each situation and the requirements of applicable law:
    - Voting the proxy in accordance with the voting recommendation of a non-affiliated third-party vendor; or
    - Providing the client with sufficient information regarding the proxy proposal and obtain the client's consent or direction before voting.

## Item 18 Financial Information

The SEC, in certain circumstances, requires a registered investment adviser to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. BWA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients.