



**FINANCIAL PLANNING | INVESTMENT MANAGEMENT**

**Item 1 – COVER PAGE**

## FORM ADV PART 2A\* Brochure

February 2022

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\*This brochure provides information about the qualifications and business practices of Burton Enright Welch. If you have any questions about the contents of this brochure, please contact the Firm's Chief Compliance Officer, Benjamin Peters, at telephone (925) 932-8010. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state authority.

The oral and written statements of an advisor provide information upon which a prospective client may base a determination as to whether or not to hire the advisor. You are encouraged to review this Brochure and Brochure Supplements for the Firm's associates who advise you for more information on the qualifications of the Firm and its employees.

The use of the term "registered investment adviser" and description of Burton Enright Welch and/or our associates as "registered" does not imply a certain level of skill or training. Additional information about Burton Enright Welch is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

## **Item 2 - MATERIAL CHANGES FROM PRIOR FORM ADV 2A**

This updated Form ADV Part 2A contains the following changes from the prior version:

- Updated assets under management at Part 2A, Item 4.
- Updated descriptions of investment strategy at Part 2A, Item 8.
- Updated descriptions of policies regarding voting client securities at Part 2A, Item 17.

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#### **Item 4 - ADVISORY BUSINESS**

Registration Status –	Registered with the SEC on March 11, 2008 <sup>1</sup> Registered with the State of California on May 8, 2002
Principal Owners –	Peter M. Burton, through PMB Asset Management Robert D. Enright, through RDE Asset Management Jeremy A. Welch, through JAW Asset Management Benjamin R. Peters, through BRP Asset Management
Assets Under Management – (as of December 31, 2020)	Discretionary: \$757,068,453 Non-Discretionary: \$ 112,442,181 Total AUM: \$869,510,634

#### **ADVISORY SERVICES**

##### **INVESTMENT MANAGEMENT SERVICES**

We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. Our Firm is a partnership formed in the State of California. We specialize in the following types of services: investment management, financial planning, and retirement plan consulting.

As part of our Investment Management service, we generally create a portfolio that consists of among the following: mutual funds, exchange traded funds (ETFs), individual stocks or bonds, options, and other public and private securities or investments or sub-advised investment programs. The client's individual investment strategy is tailored to their specific needs. Each portfolio will initially be designed to meet a particular investment goal, which we determine to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least quarterly and if necessary, rebalance the portfolio based upon the client's individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

We apply a significant level of discipline in our approach to investing. This discipline allows us to stay true to both our management style and our client's individual objectives. We begin the investment initiative by conducting a detailed financial analysis that includes gaining an understanding of our client's risk tolerance. Based on our analysis, we develop an Investment Policy Statement (IPS), which outlines the investment objectives, management policies and portfolio. We usually allow clients to impose reasonable restrictions on investing in certain securities or types of securities.

A client retains the authority to make additions to and withdrawals from the client's custodial account at any time, subject to the Firm's right to terminate a relationship if the amount of assets under management falls to a level that no longer warrants our services. Clients retain the authority to withdraw account assets with notice to the Firm, subject to the usual and customary securities settlement procedures. However, we design client portfolios as long-term investments and caution our clients that ongoing or significant asset withdrawals will impair achievement of the client's investment objectives.

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<sup>1</sup>"Registration" means only that the Firm meets the minimum requirements for registration as an investment advisor and does not imply that the SEC or any other regulator guarantees the quality of our services or recommends them.

Additions to an account may be in cash or securities. However, a client's custodian may decline to accept particular securities into a client's account. Or we may recommend that the security be liquidated prior to transferring it to an account we manage if doing so would benefit the Client. Clients are advised that when transferred securities are liquidated, they will be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

#### **Four Steps to Discipline**

Our goal is to provide our clients with consistent, competitive investment returns over time. We follow a four-step approach to investment management that removes emotion from the equation and allows us to focus on our client's future. In this way, we can capture opportunities reflective of client expectations and the ever-changing marketplace.

##### Step 1: Target Allocation

We begin with a target asset allocation, which represents a reasonable static asset allocation for a long-term investor. This allocation serves as a frame of reference to help ensure consistent, disciplined decision-making. It also serves as a benchmark against which we measure conviction as well as value added (alpha).

##### Step 2: Active Asset Allocation

We adjust the target asset allocation to take advantage of opportunities consistent with a client's long-term goals. We conduct an in-depth analysis of fundamentals and valuations to identify an undervaluation, or overvaluation, relative to alternative asset classes. We analyze opportunities with an emphasis on the potential risks to client portfolios.

##### Step 3: Active & Passive Management

We use a combination of active (no-load funds) and passive (exchange traded funds – ETFs – and index funds) management vehicles. We take into account management experience, possible value add (alpha) and style when pursuing active management. When evaluating passive management, we look at market and cost efficiencies as well as consistency of those vehicles. Depending upon our strategy at a given time, we may under-weight and over-weight passive versus active management.

##### Step 4: Monitoring

We review portfolios on an ongoing basis against benchmarks specific to that portfolio. We use a thorough methodology to determine a portfolio's performance on both an absolute and a relative basis. These benchmarks serve as our report card, which we share with our client's quarterly through detailed performance reports.

#### **FIDUCIARY STATUS**

Burton Enright Welch is a fiduciary under applicable federal regulations and as such, it is committed to provide services and advice that are in the best interest of each client.

#### **FINANCIAL PLANNING AND CONSULTING SERVICES**

We provide a variety of financial planning services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of the client's current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on their financial goals and objectives. Services encompass one or more of the following areas: Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate

Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business and Personal Financial Planning.

Our written financial plans rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. It should also be noted that when requested by a client, we refer clients to outside accountants, attorneys or other specialists, as necessary for non-advisory related services. Implementation of the recommendations will be at the discretion of the client. For those clients that engage our financial planning services on a stand-alone basis, we require a signed agreement delineating the services to be provided.

Burton Enright Welch recommends to its financial planning clients that they retain the Firm as their investment advisor to implement its recommendations. Such recommendation gives rise to a conflict of interest. Financial planning clients are hereby advised that they are under no obligation to act on our investment recommendations.

#### **PAST REFERRALS TO THIRD PARTY INVESTMENT MANAGERS**

In the past when appropriate, we provided clients with a list of investment advisory services of third-party professional management firms for the management of client accounts or portions thereof. Such third-party investment firms assumed portions of the administrative role associated with servicing these client accounts. In these cases, there may be a modified fee schedule and some variation in how these remaining client accounts are billed and serviced.

As part of this process, we assisted clients in identifying an appropriate third-party money manager. We provided initial due diligence on third-party money managers and ongoing reviews of their management of your account. In order to assist clients in the selection of a third-party money manager, we typically gathered information from the client about their financial situation, investment objectives, and reasonable restrictions they can impose on the management of the account, which are often very limited. It is important to note that we do not offer advice on any specific securities or other investments in connection with this service. Investment advice and trading of securities is only offered by or through the third-party money managers to clients.

We periodically review third-party money managers' reports provided to the client no less often than on an annual basis. We contact the clients from time to time, as agreed to with the client, in order to review their financial situation and objectives; communicate information to third-party money managers as warranted; and assist the client in understanding and evaluating the services provided by the third-party money manager. The client will be expected to notify us of any changes in his/her financial situation, investment objectives, or account restrictions that could affect their account. The client may also directly contact the third-party money manager managing the account or sponsoring the program.

#### **401(K) CONSULTING SERVICES**

We offer retirement plan consulting services to employee benefit plans and their fiduciaries. The services are designed to assist the plan sponsor (the "Company") in meeting their management and fiduciary obligations to the plan under ERISA. 401(k) consulting services offered by our Firm include, but are not limited to, the following:

- Analysis and recommendation of Plan structure
- Review of specific Plan requirements
- Assessment of the current Plan investment options
- Provide specific investment recommendations
- Determination of appropriate administrative and recordkeeping solution

- Analysis and recommendation of employee education program
- Ongoing monitoring of Plan

We will determine with the Company in advance the scope of services to be performed and the fees for all requested services. Prior to engaging us, the Company will be required to enter into a written agreement with us. This agreement will detail the services to be provided and the relevant fees and fee-paying arrangement.

#### **General Notice**

In performing its services, Burton Enright Welch relies upon the information received from its clients or from its clients' other professional legal and accounting advisors and is not required to independently verify such information. Clients must promptly notify us of any change in their financial situation or investment objectives that would necessitate a review or revision by our advisors of the client's portfolio and/or financial plan.

The investments recommended to clients may be limited by the knowledge and experience of the personnel of Burton Enright Welch and/or the resources available to it as a result of its relationships with custodians and other providers in the broader financial industry. In addition, as a result of these resources, certain investments may be available to clients of Burton Enright Welch that might not be available to members of the public at large. Burton Enright Welch believes that the breadth of choices available under these limitations is sufficiently wide so as to effectively make available the full range of investment options that might conceivably be important for all but the rarest client.

#### **TERMINATION OF AGREEMENT**

Clients may terminate their investment management agreement at any time upon written notice to the Firm. The Firm does not assess any fees related to termination but will be entitled to all management fees earned up to the date of termination. Any prepaid fees owed to the client will be refunded on a pro rata basis based on the amount of time expired in the billing period. Any fees owed by the client to the Firm will be calculated and deducted from the client's account on a pro rata basis determined on the amount of time expired in the billing period.

If a copy of this Form ADV Part 2A disclosure statement was not delivered to the client prior to or simultaneous with a client entering into a written advisory contract with Advisor, then the client has the right to terminate the contract without penalty within five (5) business days after entering into the contract. For purposes of this provision, a contract is considered entered into when all parties to the contract have signed the contract. If the client terminates the contract on this basis, all fees paid by the client will be refunded. Any transaction costs imposed by the executing broker or custodian for establishing the custodial account or for trades occurring during those five days are non-refundable.

#### **Item 5 - FEES AND COMPENSATION**

##### **INVESTMENT MANAGEMENT FEES**

Our investment management fees are based upon a percentage of each client's assets under management with the Firm. Fees are not generally negotiable. Our Firm's fees are billed on a pro-rata annualized basis monthly or quarterly in advance or quarterly in arrears based on the value of your account either on the last day of the billing period or based on the time-weighted daily average of your account of the previous billing period.

We charge fees based on standard tiered fee schedules, ranging from 1.50% to 0.30%<sup>2</sup> of the client's portfolio, per annum. We do not have a minimum fee. We believe our fees are market-based and competitive.

The foregoing are Burton Enright Welch's *standard* fees. The Firm reserves the right to assess a different fee based on the nature and complexity of the client's account. As a result, arrangements with any particular client may vary from those of another client.

Clients typically authorize the custodian of their investment accounts to debit Burton Enright Welch advisory fee directly from clients' accounts. As part of this process, clients are advised and acknowledge the following:

- The client's independent qualified custodian sends account statements at least quarterly showing all disbursements, including the amount of the advisory fees paid to us;
- Clients provide written authorization to their custodian permitting us to be directly paid from their account; and,
- Clients are advised to verify the Firm's fee charged to their account as shown on the custodial statement.

To the extent that a client authorizes the use of margin, and margin is thereafter employed by our portfolio managers in the management of the client's portfolio, the market value of the client's account and corresponding fee payable by the client to Burton Enright Welch will be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin correspondingly increases the management fee payable to the Firm. Accordingly, the decision as to whether to employ margin is left to the sole discretion of client.

#### **FINANCIAL PLANNING AND CONSULTING FEES**

We charge on an hourly or flat fee basis for financial planning and consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our hourly fees are \$350. Flat fees generally range from \$2,500 to \$10,000.

We require a retainer of fifty-percent (50%) of the ultimate financial planning or consulting fee with the remainder of the fee directly billed to you and due to us within thirty (30) days of your financial plan being delivered or consultation rendered to you.

#### **401(k) PLAN CONSULTING SERVICES FEES**

We offer retirement plan consulting services at a negotiated fixed fee or based upon a percentage of the plan assets. The exact fee is negotiated in advance of services rendered and is disclosed in the executed written agreement that we sign with the client company.

We bill the client company for retirement plan consulting services the negotiated fee in advance of services rendered and as disclosed in the executed written agreement that we sign with the company. Fees are calculated and billed quarterly in advance. In certain circumstances, the fees are calculated and billed quarterly in arrears.

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<sup>2</sup> The lower rate was recently introduced to our fee schedule for high-net-worth clients.

### **THIRD PARTY INVESTMENT MANAGER PLATFORMS**

BEW utilizes third party platforms, such as SEI Investments Management Corporation (SIMC), to assist in implementing an investment strategy for certain clients. Please note that the third- party money managers, investment vehicles, and platforms selected generally charge their own fees. Some of these fees are either included in the above BEW fee schedule or charged separately.

Any client placed in a third-party investment platform will be provided with the appropriate disclosure documents, detailing the fee arrangements, when specific recommendations are provided and prior to the implementation of any strategy.

Third party money managers establish and maintain their own billing process which we have no control over. In general, they will describe their billing practices in their separate written disclosure documents.

### **GENERAL FEE DISCLOSURE**

We believe our investment management fees are competitive with the fees charged by other investment advisors in the San Francisco Bay Area for comparable services. However, comparable services may be available from other sources for lower fees than those charged by Burton Enright Welch.

We do not provide clients advice as to the tax deductibility of our advisory fees. Clients are directed to consult a tax professional to determine the potential tax deductibility of the payment of advisory fees.

### **CUSTODIAN AND BROKERAGE FEES**

Clients incur certain charges imposed by their custodians and other third parties such as custodial fees, 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. Additionally, clients will incur charges by the executing broker-dealer in the form of brokerage commissions and transaction fees on the investment transactions entered into for their account(s). All of these charges, fees and commissions are in addition to Advisor's investment management fee.

### **FUND DISCLOSURES**

Investment vehicles such as mutual funds, closed-end funds, exchange traded funds and alternative investment funds offer a wide range of objectives and strategies; the types of securities held by such funds vary widely depending upon the specific objectives and strategies of the vehicle. These investment vehicles incur brokerage and other expenses and their sponsors typically compensate themselves through fees charged directly to the fund. Burton Enright Welch looks closely at funds' expenses when evaluating whether funds are appropriate investments for clients.

All such funds incur operating expenses in connection with the management of the fund. Investment funds pass some or all of these expenses through to their shareholders (the individual investors in the funds) in the form of management fees. The management fees charged vary from fund to fund. In addition, funds charge shareholders (individual investors in the funds) other types of fees such as early redemption or transaction fees. These charges also vary widely among funds. As a result, clients will pay management fees and other "indirect" fees/expenses charged by each fund in which they are invested.

Clients are provided a copy of a fund prospectus for each fund in which they invest by their custodian or by the fund sponsor rather than by Burton Enright Welch. As required by law, a prospectus represents the fund's complete disclosure of its management and fee structure. In addition, a fund's prospectus can be obtained directly from the fund.



A client could invest in most mutual funds directly, without the services of Burton Enright Welch. In that case, the client would not receive the services provided by Burton Enright Welch which are designed, among other things, to assist the client in determining which investments are most appropriate given the client's financial circumstances.

#### **BOND DISCLOSURE**

Clients whose assets are invested in bonds purchased directly from an underwriter or on the secondary market may pay a sales credit or sales concession on the trade (in lieu of a sales commission) ranging from 0% - 2% of the par value of the bond. The client's custodian may also impose a fee on the transaction as well.

#### **Item 6 - PERFORMANCE-BASED FEES and SIDE-BY-SIDE MANAGEMENT**

Burton Enright Welch does not charge performance related fees. No part of the investment management fee is calculated as a percentage of the capital gain or capital appreciation of assets.

#### **Item 7 - TYPES OF CLIENTS**

Our clients include individuals, families, trusts and estates, pension and profit-sharing plans, corporations and other business entities. We do not have an investment minimum for new clients. We are selective about who we work with to ensure a high level of service for all clients. We have established a \$2,500 minimum fee for written financial plans. These minimums may be modified or waived in our sole discretion.

Burton Enright Welch's services are not appropriate for everyone. Particularly for smaller accounts, other investment advisors may provide somewhat similar services for lower compensation, although still others may charge more for similar services.

#### **Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES, RISK OF LOSS**

##### **METHODS OF ANALYSIS**

The Firm consults third-party research and financial publications, conducts its own fundamental analysis, and reviews historical data.

##### **INVESTMENT STRATEGY**

Subject to suitability requirements, we generally advise the long-term purchase of mutual funds and Exchange Traded Funds ("ETFs") to our clients.

##### **INVESTMENT RISKS**

All securities investments carry risk, including the risk that an investor loses a part or all of his or her initial investment. Risk refers to the uncertainty that the actual return the investor realizes could differ from the expected return. Risks are systematic, referring to factors that affect the returns on all comparable investments and that affect the market as a whole or unsystematic – risks that depend on factors that are unique to the specific investment security. Here are some, but not all, of the risks associated with parts of our investment strategy:

**Short-term purchases** – While we generally purchase securities with the intent to hold them for more than a year, we may on occasion determine to buy or sell securities in a client's account and hold them for less than a year. Some of the risks associated with short-term trading that could affect

investment performance are increased commissions and transaction costs to the account and increased tax obligations on the gains in a security's value

**Bond Pricing** – The price of bonds depends in part on the current rate of interest. Rising interest rates decrease the price of bonds already held and decreasing interest rates increase the value of bonds already held. We may decide to exchange to a lower or higher duration bond or to another asset class due to interest rate risk that could affect investment performance.

**Inflation** - Inflation is the loss of purchasing power through a general rise in prices. If an investment portfolio is designed for current income with a real rate of return of 4% and inflation were to rise to 5% or higher, the account would result in a loss of purchasing power and create a negative real rate of return.

**Price Fluctuation** - Security prices do fluctuate (except for cash or cash equivalents) and clients must accept that risk associated with the fluctuations or change to a more appropriate investment portfolio in alignment with their risk tolerance.

**Currency Fluctuation** - Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

**Business Risk** - These risks are associated with a particular industry or a particular company within an industry.

**Liquidity Risk** - Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, treasury bills are highly liquid, while real estate properties are not.

**Mutual Funds with Foreign Asset Holdings** – Any investments in mutual funds that make foreign investments and are not hedged back to the U.S. Dollar are subject to the uncertainty with changes in the foreign currency value.

**Short Sale Trading** – Short Sale Trading, or "shorting" involves a great amount of risk and is not advocated by the Firm, nor is it a part of its investment strategy.

**Margin Trading** – In some cases, clients elect to assume a margin balance on their investment account. The client's custodian could require a percentage of assets under management to be pledged as collateral for the margin amount. Clients risk that in a falling market, the pledged collateral will be insufficient to cover a margin call by their custodian. Consequently, all margin decisions are left to the client.

## **Item 9 - DISCIPLINARY INFORMATION**

Burton Enright Welch has no disciplinary history and consequently, is not subject to any disciplinary disclosures.

## **Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Burton Enright Welch is an independent investment advisor, unaffiliated with any other financial institution or securities dealer or issuer. We recommend that our clients custody their assets with Charles Schwab & Co., Inc., ("Schwab"), an SEC registered broker-dealer and member of FINRA and SIPC. Although we recommend that our clients custody their investment accounts at Schwab,

we have no affiliation with Schwab, do not supervise its brokerage activities and are not subject to its supervision.

Certain principals and employees of the Firm are licensed insurance agents registered with one or more insurance companies. In this capacity, the principal and/or employee acts as a servicing agent only on legacy policies held by some BEW clients but does not receive any commissions or trailing commissions. Licensed principals and employees maintain their insurance licenses for advisory purposes only and do not market or sell any insurance products to clients.

Although we may refer our clients to other professionals such as attorneys or accountants for estate planning, tax or other matters, neither the Firm nor its principals or employees are affiliated with any law or accountancy firm.

#### **Item 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Burton Enright Welch, its principals, employees and their immediate families (sometimes collectively "employees") are permitted to buy and sell securities for their personal investment accounts. The Firm has adopted employee personal trading policies and procedures and a code of ethics to govern proprietary (on behalf of the Firm itself) and employee trading practices. Employees with access to the Firm's investment decision-making and trading activities are required to report all personal securities transactions on a regular basis. All personnel are required to abide by the Firm's personal trading practices and code of ethics which governs employee trading practices and specifically prohibits employee trading on the basis of inside information and trading ahead of customer orders (front-running). Burton Enright Welch's employee personal trading policies and code of ethics are made available to clients and prospective clients upon request.

Employees are authorized to trade in the same securities traded for clients. However, it is Firm policy not to give preference to orders for personnel associated with the Firm regarding such trading. Employees personally are authorized to invest in the same securities that are purchased for client trading accounts and may own securities that are subsequently purchased for client accounts. From time to time, trading by employees in particular securities is restricted in recognition of impending investment decisions on behalf of clients. If a security is purchased or sold for client accounts and employees on the same day, either employees will pay or receive the same price as the client account, or the client account will receive the more favorable price. If purchased or sold on different days, it is possible that employees' personal transactions might be executed at more favorable prices than were obtained or clients.

Employees buy or sell different investments, based on personal investment considerations, which the Firm may not deem appropriate to buy or sell for clients. It is also possible that employees take investment positions for their own accounts that are contrary to those taken on behalf of clients. Employees are authorized to buy or sell a specific security for their personal account based on personal investment considerations aside from company or industry fundamentals, which are not deemed appropriate to buy or sell for clients. If these securities subsequently appreciate, these personal transactions give rise to a conflict of interest.

Conversely, employees may liquidate a security position that is held both for their own account and for the accounts of Firm clients, sometimes in advance of clients. This occurs when personal considerations (i.e., liquidity needs, tax-planning, industry/sector weightings) deem a sale necessary for individual financial planning reasons. If the security subsequently falls in price, these personal transactions also could a conflict of interest.

## **Item 12 - BROKERAGE PRACTICES**

### **RECOMMENDATION OF SCHWAB AS CUSTODIAN AND EXECUTING BROKER**

We do not maintain custody of your assets that we manage or advise on, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15 – Custody, below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We request that our clients use Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and not affiliated with Schwab. Schwab does not supervise or otherwise monitor Burton Enright Welch’s investment management services. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we request that you use Schwab as a custodian/broker, you will decide whether to do so and open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you.

### **HOW WE SELECT BROKERS/CUSTODIANS**

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

- Combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- Capability to execute, clear and settle trades (buy and sell securities for your account)
- Capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- Reputation, financial strength and stability of the provider
- Their prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us from Schwab”)

### **YOUR CUSTODY AND BROKERAGE COSTS**

For our clients’ accounts it maintains, Schwab generally does not charge you separately for custody services but is compensated by charging your commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab’s commission rates applicable to our client accounts were negotiated on behalf of our clients collectively. As a result, the commission rates Schwab charges you are lower than they would be otherwise. In addition to commissions, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker/dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

### **PRODUCTS AND SERVICES AVAILABLE TO US FROM SCHWAB**

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab’s business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not

typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us as long as we keep a total of at least \$10 million of our clients' assets in accounts at Schwab. Here is a more detailed description of Schwab's support services:

Services that Benefit You: Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

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

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping, and client reporting.

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

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also occasionally discounts or waives its fees for some of these services or pay all or a part of a third party's fees. Schwab also occasionally provides us with other benefits such as business entertainment for our personnel.

#### **OUR INTEREST IN SCHWAB'S SERVICES**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as we keep a total of at least \$10 million of client assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum gives us an incentive to request that you maintain your account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however that our selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality, and price of Schwab's services (see above) and not Schwab's services that

benefit only us. We have over \$700 million in client assets under management, and do not believe that maintaining at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

#### **DIRECTED BROKERAGE**

In a limited number of cases, clients may direct Burton Enright Welch to place all orders for securities transactions with a specific broker-dealer (directed brokerage). In these cases, Burton Enright Welch is not obligated to, and will generally not solicit competitive bids for each transaction or seek the lowest commission rates for the client. As such, the client may pay higher commission costs, higher security prices and transaction costs than it otherwise would have had it not directed Burton Enright Welch to trade through a specific broker. In addition, the client may be unable to obtain the most favorable price on transactions executed by Burton Enright Welch as a result of Burton Enright Welch's inability to aggregate/bunch the trades from this account with other client trades.

Furthermore, the client may not be able to participate in the allocation of a security of limited availability including if that security is provided only by another broker or dealer. As a result of the special instruction, Burton Enright Welch may not execute client securities transactions with brokers that have been directed by clients until non-directed brokerage orders are completed. Accordingly, clients directing brokerage may not generate returns equal to clients that do not direct brokerage.

Due to these circumstances, there could be a disparity in commission rates charged to a client who directs Burton Enright Welch to use a particular broker and performance and other differences from other similarly managed accounts. Clients who direct brokerage should understand that similar brokerage services are available from other broker-dealers at lower costs and possibly with more favorable execution.

#### **Special Considerations for ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

#### **Special Considerations for Sub-advised Management Clients**

We select brokers and dealers for any purchase or sale of assets of client accounts and are responsible for obtaining best execution for transactions. Consistent with this idea, we may, in the allocation of portfolio brokerage business and the payment of brokerage commissions, consider the brokerage and research services furnished a sub-adviser by brokers and dealers, in accordance with the provisions of Section 28(e) of the Securities Exchange Act of 1934, as amended. Such research generally will be used to service all of our clients, but brokerage commissions paid by the sub-advised client accounts may be used to pay for research that is not used in managing the sub-advised.

Should a client direct in writing that the Sub-adviser or the Firm use a particular broker or dealer, then such client will negotiate terms and arrangements for their account with that broker or dealer and we will not seek better execution services or prices from other broker-dealers. As a result, such sub-advised client account could pay higher commissions or greater spreads, or receive less

favorable net prices, on transactions for the sub-advised client account than would otherwise be the case. In any case, neither such Sub-adviser nor the Firm would be responsible or liable for the acts or omissions of any broker-dealer.

### **BEST EXECUTION**

Burton Enright Welch is not obligated to obtain the best net price or lowest brokerage commission on any particular transaction. Rather federal law requires investment managers to use their reasonable best efforts to obtain the most favorable execution for each transaction executed on behalf of client accounts.

In selecting broker-dealers, Burton Enright Welch's primary objective is to obtain the best execution. Expected price, giving effect to brokerage commissions, if any, and other transaction costs, are principal factors, but the selection also takes account of other factors, including the execution, clearance and settlement capabilities of the broker-dealer, the broker-dealer's willingness to commit capital, the broker-dealer's reliability and financial stability, the size of the particular transaction and its complexity in terms of execution and settlement, the market for the security, the value of any research and other brokerage services provided by the broker-dealer, and the cost incurred by placing prime brokerage trades in client accounts.

Based upon an evaluation of some or all of these factors, Burton Enright Welch is authorized to execute client trades through broker-dealers that charge fees that are higher than the lowest available fees. Burton Enright Welch may select broker-dealers whose fees may be greater than those charged for similar investments if Burton Enright Welch determines that brokerage services and research materials provided by that broker-dealer warrant the payment of higher fees.

Burton Enright Welch reviews transaction results periodically to determine the quality of execution provided by the various broker-dealers through whom Burton Enright Welch executes transactions on behalf of clients.

### **SOFT DOLLAR ARRANGEMENTS AND POTENTIAL CONFLICTS**

Burton Enright Welch is authorized to purchase or allow a third-party executing broker-dealer to purchase on its behalf, brokerage or research products or services (known as "soft dollar" products or services) prepared or provided by a third-party provider. Soft dollar brokerage services and research products include but are not limited to: research or market reports, market data services, market research software, corporate governance research, quantitative analytical software, financial newsletters, tuition to research related seminars, execution, order routing, trade settlement services, trade order communication services, order management systems and trading software.

It is our policy only to accept research, products and brokerage services when doing so is consistent with its best execution obligations, described above. Equally, it is the Firm's policy to limit its use of soft dollar arrangements to those falling within the safe harbor of Section 28(e) of the Securities and Exchange Act of 1934, as amended. To be protected under Section 28(e), Burton Enright Welch must, among other things, determine that commissions paid are reasonable in light of the value of the brokerage and "research" services and products acquired. Section 28(e)'s "safe harbor" protects the use of client soft dollars even when the research and brokerage services and products acquired are used in making and implementing investment decisions and transactions for other clients. Only *bona fide* research and brokerage products and services that provide assistance to Burton Enright Welch in the performance of its investment decision-making responsibilities are permitted.

Soft dollar brokerage and research products or services may be provided by various third-party research publishers, brokers or other advisory firms and used by the Firm for the benefit of all its clients, including clients whose securities transactions are not affected by the third-party provider of the services and/or research. Such research, or other soft dollar products or services, provide a benefit to the Firm because it does not have to pay for the research, products or services directly. The Firm may direct client trade executions or investments to the third-party providers of such services and research. In such cases, the Firm's interest in receiving such research, products or services provides an incentive for the Firm to make investments in products sponsored or managed by the research provider or to select such a third-party provider to effect securities transactions or to custody client accounts.

For example, as described above, Burton Enright receives amongst other benefits, research, technology upgrades, and continuing education courses in the form of sponsored seminars from Schwab by virtue of its clients selecting Schwab to custody their investment accounts. Burton Enright Welch also may, on occasion, be the recipient of unsolicited discounts on software and other services from Schwab. The discounts are generally offered to all advisory firms that fit a common profile and not offered such discounts because of a particular event or request. Such discounts are accepted with the intent to benefit all clients and the value of these discounts is not considered in the process of selecting securities to purchase for client accounts. In addition, Schwab may make available, arrange and/or pay for services to Burton Enright Welch by independent third parties.

Burton Enright Welch's recommendation that clients maintain their assets in accounts at Schwab is based in part on the benefit to Burton Enright Welch of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a conflict of interest.

#### **AGGREGATION OF TRADES AND POTENTIAL CONFLICTS**

Burton Enright Welch aggregates client orders into a single trade if aggregation is determined to be in the best interests of all the clients involved. However, many client circumstances differ, and/or the trade approval and execution process may not always allow for that to occur. Trade aggregation usually lowers commissions and may result in a more favorable transaction price than would result with separate execution of each client order. The Firm does not aggregate securities transactions for client accounts unless it believes that aggregation is consistent with its duty to seek best execution and is consistent with the investment objectives and guidelines for the client accounts participating in the trade.

Burton Enright Welch believes that combining trade orders should be advantageous to all clients over the long term. However, it is possible that the average price obtained through aggregation could be less advantageous for a client than if the client had executed the transaction separately and/or had executed the transaction before the other parties to the aggregated trade. The Firm tries to be conscious of this possibility before deciding to aggregate.

#### **ALLOCATION OF OPPORTUNITIES AND POTENTIAL CONFLICTS**

Because we manage more than one client account, there is a conflict of interest related to the allocation of investment opportunities among all accounts managed by the Firm. We attempt to resolve all such conflicts in a manner that is generally fair to all of clients over time. We give advice and take action with respect to individual clients that differs from the advice given or the timing or nature of action taken with respect to other clients based upon individual client circumstances. It is our policy, to the greatest extent practicable, to allocate investment opportunities over a period of time on a fair and equitable basis relative to all clients. The Firm is not obligated to acquire for any client account any security that the Firm or its owners, officers, employees or affiliated persons



acquire for their own accounts or for the account of any other client, if in the discretion of the portfolio managers, based upon the client's financial condition and investment objectives and guidelines, it is not practical or desirable to acquire a position in such security for that account.

### **Item 13 - REVIEW OF ACCOUNTS**

We review investment management accounts on at least a quarterly basis. Third Party Money Management clients receive at least quarterly reviews. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. All reviews are conducted by the Firm's principals or by qualified employees under their supervision. We review client accounts more frequently, when appropriate. Among the factors which trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc. We provide clients with quarterly account reports. Client conferences are held when appropriate or upon request, and are conducted in person, through video conference, or via telephone. During client conferences, we review account performance and current financial needs and investment goals.

Financial planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. We do not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

### **Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

Burton Enright Welch does not compensate individuals or firms for providing client referrals. We often receive referrals from our existing clients, as well as from other professional service providers, such as lawyers and accountants. While this might provide an incentive for us to discount fees for clients who refer business to us, it is our policy not to do so. Referrals from other professional service providers could cause us to want to return the referrals, however we are careful to refer our business, and that of our clients, in as unbiased a way as possible. Burton Enright Welch does not accept referral fees from any third parties for referring Firm clients to their services or products.

As disclosed previously, Burton Enright Welch receives economic benefits from Schwab in the form of the support products and services it makes available to Burton Enright Welch and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit Burton Enright Welch, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability of Schwab's products and services for Burton Enright Welch and its clients is not based on Burton Enright Welch giving particular investment advice, such as buying particular securities for its clients.

### **Item 15 - CUSTODY**

Burton Enright Welch does not maintain physical custody of client funds or securities. Clients are required to set up their investment accounts with a "qualified custodian," namely a broker dealer, bank or trust company. Although the Firm assists clients in opening their custodial accounts, Burton Enright Welch is unable to take even temporary possession of client assets for the purpose of transferring them to the client's account. Each client has a direct relationship with their custodian and is responsible for making deposits to and withdrawals from their account as necessary.

Although Burton Enright Welch does not maintain physical custody of client investment accounts, it is deemed to have custody of client assets on the basis of the Firm's authority to: 1. direct client-approved transfers of assets between a client's own accounts and if authorized, to client-

designated third-party accounts; and 2. to receive payment of its investment management fees via direct payment by the client's custodian from the client's investment account.

#### **Disclosures Related to Custodians**

Under government regulations, we are deemed to have custody of your assets if you authorize us to instruct Schwab to deduct our advisory fees directly from your account. Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements when you receive them. We also urge you to compare Schwab's account statements to the periodic account statements you will receive from us.

Schwab sends account statements directly to the client (or to an independent third-party representative designated by the client), no less than monthly, showing all funds and securities held, their current value and all transactions executed in the client's account, including the payment to Burton Enright Welch of its investment management fees.

#### **Item 16 - INVESTMENT DISCRETION**

Clients appoint Burton Enright Welch as their investment advisor and grant full trading and investment authority over their assets at the time they establish their investment accounts. Subject to the Firm's investment strategy and the client's investment objectives, our portfolio managers are given full discretion to determine:

- Types of investments
- Which securities to buy
- Which securities to sell
- The timing of any buys or sells
- The amount of securities to buy or sell
- The broker-dealer to be used in the transaction

This discretion may be limited by client investment guidelines and by any investment restrictions set by the client. Where possible, the Firm will attempt to negotiate the commission rates at which transactions for client accounts are effected, with the objective of attaining the most favorable price and market execution for each transaction.

#### **Item 17 - VOTING CLIENT SECURITIES**

BEW's investment strategy focuses primarily on mutual fund, exchange traded fund or separately managed account investments for which proxy and other corporate action solicitations are voted by the fund manager or subadvisor. Therefore, it is BEW's policy not to vote proxy solicitations or other corporate actions received on behalf of clients from the issuers of securities held in Client's account. BEW has the discretion to vote proxies issued by funds that are part of BEW's investment management strategy. All such proxy solicitations and other corporate actions will be forwarded to the Client only if requested by the client. Any client wishing to review our proxy voting policies in full may request a copy from the Firm at his or her convenience.

#### **Item 18 - FINANCIAL INFORMATION**

Burton Enright Welch does not require nor do we solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance. Therefore we have not included a balance sheet for our most recent fiscal year. There are no adverse conditions related to the Firm's finances that are likely to impair its ability to meet its contractual commitments to its clients. The Firm has never been the subject of a bankruptcy filing.

## INDEX OF ERISA RELATED DISCLOSURES

Burton Enright Welch (sometimes the "Firm" or "Advisor") may provide investment management services to retirement plans governed by the Employee Retirement Investment Security Act ("ERISA"). ERISA regulations require that specific disclosures be made to the ERISA plan fiduciary that is authorized to enter into, or extend or renew, an agreement with the Firm to provide these services. The following Index identifies the disclosures required and the location where plan representatives may find them. It is intended to assist ERISA Plan representatives with compliance with the service provider disclosure regulations under section 408(b)(2) of ERISA. Any questions concerning this guide or the information provided regarding our services or compensation should be addressed to our Chief Compliance Officer at the number noted on the cover page of this ADV Part 2A.

Required Disclosure	Location of the Required Disclosure
Description of the services that Advisor will provide to covered ERISA plans	Item 4 of this Form ADV Part 2A and Sections 1 and 2 of the client plan's investment management agreement with the Firm.
Statements that the services that Advisor will provide to covered ERISA plans will be as an ERISA fiduciary and registered investment adviser	Item 4 of this Form ADV Part 2A and Section 7 of the client plan's investment management agreement with the Firm.
Description of the direct compensation to be paid to Advisor	Item 5 of this Form ADV Part 2A and Section 5 of the client plan's investment management agreement with the Firm.
Description of the indirect compensation Advisor might receive from third parties in connection with providing services to covered ERISA plans, if any	Items 10, 12, 14 and 15 of this Form ADV Part 2A
Description of the compensation to be shared between Advisor and any third party or any affiliated entity, if any	Items 4, 5, 10, 12 and 14 of this Form ADV Part 2A.
Compensation that Advisor will receive upon termination of its agreement to provide investment management services, if any	Item 4 of this Form ADV Part 2A.