

Client Disclosure Brochure Form ADV, Part 2A

March 31, 2022

This Brochure provides information about the qualifications and business practices of Berkson Asset Management, Inc. If you have any questions about the contents of this Brochure, please contact us at 818-713-8060 or bam@berkson.net. 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.

Berkson Asset Management, Inc. is a SEC registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Berkson Asset Management, Inc. is also available on the SEC's Website at www.adviserinfo.sec.gov.

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REGISTERED INVESTMENT ADVISOR



Item 2. Material Changes

This Brochure, dated March 31, 2022, is an update from our previous brochure dated March 31, 2021. Changes to this brochure include the following:

Item 4- Advisory Services – updated the firm’s assets under management to reflect assets as of December 31, 2021.

Item 5 – Fees and Compensation - updated to: (i) change the hourly rate for Financial Planning services, Portfolio Evaluation services, and Consulting services from \$528 to \$552.

Item 7 – Types of Clients – updated to add information on BAM’s responsibility as a fiduciary.

Item 10 – Other Financial Activities and Affiliations – updated the percentage of income Mr. Berkson receives from outside business activities.

Currently, our Brochure may be requested by contacting Scott Berkson, Chief Compliance Officer, at 818-713-8060 or scott@berkson.net. Or, clients and prospective clients may also access a copy of our brochure free of charge on our web site at www.berkson.net.

Additional information about Berkson Asset Management, Inc. is available by accessing the SEC’s web site at www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Berkson Asset Management, Inc. who are registered, or are required to be registered, as investment adviser representatives of the firm.

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Item 4. Advisory Business

Berkson Asset Management, Inc. (“BAM” or “the firm”) is a SEC-registered investment adviser that was founded in 1995. The principal owners of the firm are Steven M. Berkson and Sherri R. Berkson. The firm’s main office is located in Woodland Hills, California.

BAM offers portfolio management services, financial planning services, portfolio evaluation services, and consulting services to its clients for a fee. Specific details about these advisory services are described below:

Portfolio Management Services

BAM manages investment advisory accounts (“Portfolio Management”) for individuals, high net worth clients, retirement plans, and charitable organizations, trusts, and corporations. An initial interview and data gathering questionnaire is undertaken to determine the client’s individual needs and risk tolerance. The recommendations are implemented in a portfolio that primarily includes no-load mutual funds. BAM also will invest a client’s portfolio in exchange traded funds (“ETFs”), stocks and/or bonds, depending on the needs and overall investment objectives of a client. Please see Item 8 for additional information about our investment strategies, underlying security type, and their associated risks.

BAM employs a five-step portfolio management process:

1. **Discovery.** We discuss with our clients what they value the most, how they prefer to spend their time and money, what they want for their family, how they see their legacy, how they envision retirement, what concerns them the most about the future, how they would like to work with a financial advisor, and more.
2. **Analysis.** We identify, analyze and integrate all factors that we believe will affect a client’s financial future, including individual issues such as insurance needs, trust requirements and expected lifestyle changes. We also bring in a client’s other advisors, such as attorneys, for consultation and review.
3. **Strategize.** Our advisors create a customized Investment Policy Statement to serve as a blueprint for a client’s investment management strategy, taking into account the client’s tolerance for risk and goals. We then use the statement as a formal, long-range strategic plan to help manage a client’s investments in a logical and consistent manner.
4. **Invest.** We determine what we believe is the optimal portfolio mix (asset allocation) and diversification strategy designed to satisfy a client’s investment objectives. Then we primarily utilize open-end mutual funds to invest in different asset classes including stocks, bonds, cash, real estate, international securities, commodities and

futures, and other investment assets.

5. **Track.** We continuously track our clients' investment results and monitor the wider financial world. Our review takes into account changes in a client's personal or wealth situations, changes in the economy and markets, and emerging potential investment opportunities. We conduct risk testing of a client's portfolio and update clients quarterly on how the markets are doing and what it means for the client. We are always available to speak with a client personally as well.

BAM reviews all investment recommendations with the client prior to implementation. Retirement accounts are reviewed for compliance with ERISA requirements. BAM also provides Portfolio Evaluation for institutional clients (pension plans, other retirement plans, and trusts). The evaluation includes a review of the existing asset allocation, recommendations for reallocation, and opinions on compliance with ERISA regulations.

Through BAM's Portfolio Management Services, BAM offers clients implementation assistance and ongoing and continuous review of investment assets and consolidated performance reporting. BAM typically provides these Portfolio Management Services on a non-discretionary basis, whereby no transactions or actions are taken by BAM Associates on behalf of the client, without the express written permission of the client. While BAM does not typically have discretion over client accounts, the firm does obtain a limited power of attorney from clients, giving us authority to place trades in client accounts. While this power of attorney will allow BAM to place a trade with the appropriate broker/dealer, all trades will have been discussed with the client, and approved by the client, prior to execution. In some cases, BAM will provide our Portfolio Management Services on a discretionary basis to clients desiring this type of asset management. In those cases, clients will provide written instruction to both BAM and their account custodian, granting BAM discretionary investment authority. Please refer to Item 16 for further details regarding our discretionary authority.

As part of the Portfolio Management Services, client accounts are reviewed by BAM on an ongoing basis to determine whether assets are performing consistent with the investment objectives, overall market conditions, and current asset mix. Consolidated account asset reporting to the client is done quarterly. Please refer to Item 13 for details regarding BAM's account review and reporting services.

For Portfolio Management, BAM typically recommends that clients start with a minimum portfolio of \$500,000. While this is generally the case, lower minimums have been accepted in the past, and may be accepted in the future subject to the sole discretion of BAM and based on such factors as related family accounts or other special situations. Portfolio Management clients should also carefully consider investing only those funds that can be committed on a long-term basis, usually three to five years. The mutual funds and other securities that BAM

invest in for clients have specific risks, which are outlined in each mutual fund's prospectus and should be considered carefully. There is a risk of loss investing in securities, including a loss of the principal amount invested. Please also see Item 8 below for further information on risks associated with the types of assets we utilize.

A client's managed account portfolio can either be a cash account or a margin account. We do not recommend that clients borrow money for the purpose of building an investment portfolio; however, there are situations where a client may decide to have a margin account. Clients should be aware that the use of margin creates a conflict of interest between us and our clients since our fees are based on the full value of the assets under management, including any assets purchased using margin. In order to mitigate that conflict, we encourage our clients to pay-off the margin balance as quickly as possible. Buying securities on margin subjects clients to additional costs and risks that should be carefully considered before opening a margin account. For more information regarding the risks of loss in general, please refer to Item 8, below.

Financial Planning Services

BAM provides Personal Financial Plans consistent with the individual client's financial and tax status and risk/reward objectives. Planning may be comprehensive or may be "segmented" and focus on investments, insurance, taxes, retirement, and/or estate plans, depending on the needs of the client. Dependent upon the scope of the financial planning services to be performed by BAM, the preparation of a plan involves guiding clients in gathering, compiling, preparing, and analyzing personal financial data. At the completion of the financial planning process, the client has the option to implement recommendations through BAM but is not obligated to do so. Clients are free at all times to accept or reject any of BAM's financial planning recommendations provided and further retain the authority and discretion over all such implementation decisions. However, it is likely that through the financial planning process, we will advise a client to use us to implement the recommendations. Importantly, this advisement creates a conflict of interest since BAM and our principals will receive compensation if a client uses BAM to implement recommendations. In addressing this conflict, BAM, our principals, and our investment adviser representatives will only provide advice that is believed, at the time the advice is given, to be in a client's best interest. In addition, financial planning clients are under no obligation to use BAM to implement our recommendations.

If Associates of the firm assist in the implementation of any recommendations, clients may engage the firm separately for Portfolio Management Services described above.

Financial Planning

BAM provides Financial Planning consistent with the individual client's financial and tax status and risk/reward objectives, and employs a five-step financial planning process:

- 1. Discovery.** We discuss what our clients value the most, how they prefer to spend their time and money, what they want for their family, how they see their legacy, how they envision retirement, what concerns them the most about the future, how they would like to work with a financial advisor, and more.
- 2. Analysis.** We identify, analyze and integrate all factors that may affect a client's financial future, including individual issues such as insurance needs, trust requirements and expected lifestyle changes. We also bring in a client's other advisors, such as attorneys, for consultation and review.
- 3. Recommendations.** Our advisors will develop and present financial planning recommendations and alternatives and review them with a client. We then refine the recommendations into a formal financial plan.
- 4. Implementation.** We carry out the strategies included in the financial plan, creating an investment portfolio, and coordinating with a client's team of professionals to make sure they have proper insurance in place and their living Trust and Will are up to date.
- 5. Monitor and Review.** We monitor each client's progress and review results with each client on a regular basis.

At the completion of the financial planning process, the client has the option to implement recommendations through BAM but is not obligated to do so. If Associates of the firm assist in the implementation of any recommendations, clients may engage the firm separately for Portfolio Management Services described above.

As part of its overall financial planning services, BAM offers the following specialized services:

Portfolio Evaluation

BAM provides Portfolio Evaluation for institutional clients (pension plans, other retirement plans, and trusts). The evaluation includes a review of the existing asset allocation, recommendations for reallocation, and opinions on compliance with ERISA regulations.

Estate Planning Services

Estate planning is a vital component of a well-thought-out financial plan. The goal is to guide the distribution of a client's assets after death in order to protect family and leave behind a legacy of thoughtfulness and caring.

We believe creating a solid estate plan also benefits the client directly: Knowing that the client

has put a plan in place to help family after death provides clients with peace of mind.

Besides detailing where and how worldly goods will be distributed, a comprehensive estate plan allows a client to:

- Offer instructions and/or funds for care and treatment if a client becomes disabled
- Name a guardian for minor children
- Help family members with special needs
- Continue aiding charitable causes that clients support
- Set up trusts with various purposes
- Shield family members from creditors
- Provide life insurance, disability income insurance, or long-term care insurance for family in case of illness or injury
- Provide for the transfer of a client's business when they retire, die, or become disabled
- Minimize taxes, court costs, and unnecessary legal fees after a client's death

BAM conducts estate planning within the context of our overall wealth management strategy. For those with complex estates, we partner with select estate attorneys and legal experts to help meet client specific needs.

Financial Planning for Widows and Widowers

BAM has a great deal of experience helping widows and widowers handle the array of financial matters that can arise following the death of a spouse who was successful as an executive, professional, or entrepreneur. From tax filings to estate planning, surviving spouses often need expert help in this time of crisis.

Surviving a spouse can be an overwhelming experience, especially for the spouse who did not handle the finances during the marriage. It is also a time of vulnerability when widows/widowers may be prone to making hasty decisions or falling victim to unscrupulous persons.

Here are some areas where BAM can help during the time of grief:

- Cash Flow Planning
- Investment Portfolio Review
- Estate Planning
- Charitable Planning
- Retirement Planning

Financial Planning Seminars

On occasion BAM holds public seminars. These seminars usually include presentations on financial planning strategies and asset allocation.

Consulting Services

In addition to individualized investment management, BAM offers investment consulting services on a more limited basis. Such consultation is offered to assist a client in an isolated area of concern, such as an existing investment portfolio or qualified plan. For example, for clients with existing portfolios, BAM may provide on-going advice regarding investment reallocation. This advice will not necessarily involve the development of a financial plan or the actual management of the underlying portfolio assets but is structured to simply assist clients in evaluating existing holdings and determining necessary reallocations. Consulting services are rendered differently for different clients and are based on the client's individual needs. Clients will be asked to sign an Engagement Agreement in order to engage BAM for consulting services.

Retirement Plan Services

BAM provides investment advisory services to retirement plans, as selected by the plan fiduciary. The services that may be selected are either ERISA fiduciary services or ERISA non-fiduciary services, as outlined below, and may be provided on an annual or as-needed basis, at the election of the client. Retirement Plan clients have the option of selecting from the services described below:

ERISA Fiduciary Services

BAM provides ERISA fiduciary services to the plan as a fiduciary under Section 3(21)(A)(ii) of ERISA and will act in good faith and with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances. As a Section 3(21)(A)(ii) fiduciary, BAM will solely make recommendations to the plan fiduciary, and the plan fiduciary retains full discretionary authority or control over the assets of the plan. BAM will have no authority or responsibility in the administration of the retirement plan, in the interpretation of the plan documents, in the determination of employee eligibility to participate in the plan, in the calculation of plan benefits, or in the distribution of any notices to plan participants. BAM does not act as an "investment manager" as defined under Section 3(38) of ERISA and does not have any discretionary authority over any plan assets. BAM also does not act as plan "administrator" as defined by ERISA, and is not the plan custodian, trustee, third party administrator or record-keeper. BAM does not have any authority or responsibility to vote proxies for securities held in the plan, or take any action relating to shareholder rights regarding those securities.

Clients may choose from the following ERISA Fiduciary Services:

- Development of an Investment Policy Statement (“IPS”). BAM will review plan objectives, risk tolerance and goals of the plan with the plan sponsor. BAM will help plan sponsor establish an investment policy statement to state the investment policies and objectives of the plan. Plan sponsor will have the authority to adopt and implement the objectives and policies for the plan.
- Recommendations to Select Asset Classes. BAM will provide non-discretionary investment advice with regard to different asset classes and investment options available to help plan fiduciary and/or plan administrators select asset classes and investment options consistent with the investment goals and objectives of the plan.
- Investment Strategy Review and Monitoring. BAM will conduct periodic due diligence and provide information, reports and recommendations to assist plan fiduciary in monitoring and evaluating the performance of the investment options and asset allocations available in the plan. BAM will also provide information and recommendations to plan fiduciary or plan administrators to remove or add investment options based on performance or other qualitative measures.

ERISA Non-Fiduciary Services

In addition to the above described fiduciary services, BAM offers the following non-fiduciary services solely in a capacity that is not considered a fiduciary under ERISA or any other applicable law:

- Plan Objectives and Design Options. BAM will assist plan fiduciary in determining the plan objectives and structure of the plan. BAM will work with third party administrators for the plan.
- Investment Education. BAM will provide education for plan fiduciary regarding asset classes and types of investment strategies available to the plan. Educational services will be general in nature and will not speak to the individual circumstances of plan participants. BAM does not provide fiduciary advice to plan participants.
- Plan Development and Service Providers. BAM will assist the plan fiduciary in evaluating plan service providers, including the selection and evaluation of a third-party administrator, if necessary.

General Information Related to Investment Recommendations

The investment and financial planning advice provided by BAM is customized to fit the investment objectives and financial needs of each client. Generally, at the beginning of the client relationship, BAM collects information about each client’s investment objectives, risk

tolerance, investment guidelines, time horizons and other important and necessary information. This information is used by us to determine the appropriate investment portfolio or to formulate a customized financial plan (as applicable) for each client. BAM does not assume any responsibility for the accuracy of the information provided by a client and is not obligated to verify any information received from a client or from a client's other professionals (*e.g.*, attorney, accountant, etc.). We are expressly authorized to rely on the information provided and under all circumstances, clients are responsible for promptly notifying BAM of any material changes in their financial situation, investment objectives, time horizon, or risk tolerance. In the event that a client notifies BAM of changes, we will review such changes and recommend any necessary revisions to the client's portfolio.

For each of the above disclosed advisory services, BAM does not limit its investment recommendations to any specific type of product or security. A client's individual needs and objectives are analyzed to determine appropriate investments and products for the client. Since different types of investments typically involve different types of risk, the firm conducts a risk analysis of the client and his/her overall portfolio before recommending a certain investment. For non-discretionary or discretionary asset management, the client is always free to place restrictions on the types of investments the firm recommends for the client's portfolio. For non-discretionary asset management, the client may also decline to implement any of the firm's recommendations.

Some of the mutual funds and ETFs selected by BAM have alternative and/or riskier strategies. For example, some invest in commodities and futures, swaps, privately held investments, high yield fixed income securities, master limited partnerships, and precious metals. In addition, some employ the use of leverage, derivatives or hedging. Please refer to Item 8 below for detailed information regarding the Firm's methods of analysis and the risks surrounding these and other investments made by BAM.

BAM will provide advice on non-securities products, should it be requested by a client

Client Agreements

Prior to engaging BAM to provide any services, each client will be required to enter into one or more written agreements with us that set forth the terms and conditions under which BAM renders our services (collectively the "Agreement").

In accordance with Rule 204-3 under the Investment Advisers Act of 1940, as amended ("Advisers Act"), BAM will provide a disclosure brochure (Form ADV Part 2A) and one or more brochure supplements (Form ADV Part 2B) to each client or prospective prior to, or contemporaneously with, the execution of an investment advisory agreement. In addition, BAM will provide a copy of Form CRS to each new retail client, which will be delivered with the Form

ADV Part 2A and Part 2B.

The Agreement between BAM and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. Neither BAM nor the client may assign the Agreement without the consent of the other party. Events that do not result in a change of actual control or management of the firm shall not be considered an assignment.

Assets Under Management

As of December 31, 2021, BAM was providing investment advisory services to 102 clients. The total value of assets under management for which BAM provides regular and continuous investment management services was \$221,291,706. The breakdown of discretionary vs. non-discretionary assets is as follows:

Non-Discretionary - \$194,264,253

Discretionary - \$27,027,453

Item 5. Fees and Compensation

The specific fees charged by BAM for its advisory services are outlined below and also set forth in each client's written agreement with us. Although we believe our fees are competitive, clients should be aware that lower fees for comparable services may be available from other sources. In addition, BAM has clients that have lower and higher fees than reflected below and generally employees and family members are not charged a management fee. Please refer to "General Information Related to Fees and Compensation" below for additional information.

Portfolio Management Services

The annual asset management fee for Portfolio Management Services is based on the total assets under management for each client account and is calculated as follows:

1.25 % on first \$500,000

1.00 % on the next \$500,000

0.85 % on the next \$1,000,000

0.70% on the next \$3,000,000

0.50 % on the amount above \$5,000,000

The asset management fee is payable quarterly, in advance, and is based upon the total market value of each client's account(s) (including cash and cash equivalents), as reported by the account custodian and adjusted for any unsettled transactions, as of the last day of the previous calendar quarter. When determining asset amount for annual fee percentage amounts, BAM will consider all of a client's related accounts managed by the firm, which is typically referred to as "householding". Specifically, the total market value of a client's account(s) will be aggregated with the total market values of all managed accounts belonging to a client, their spouse, custodial accounts for minor children who reside at the same address of client, and any trust assets where the trustees, trustors and current beneficiaries all reside at the same address as client (collectively, a "household"). Clients are required to notify BAM of any such "household" relationships and BAM reserves the right to include additional related accounts at the firm's discretion.

We do have clients with different fee structures and calculation methodology than what is stated above.

When determining market value of a client's account for purposes of calculating asset-based advisory fees and reporting assets and performance to a client, BAM relies on the security prices provided by the clients' custodians. BAM maintains written valuation policies and procedures, which outline the above and include steps the firm will take in the unlikely event that a security price is not provided by the custodian and not readily available.

Fees are billed at the beginning of each calendar quarter, in advance of services, and are payable within 10 days. Fees are generally deducted directly from the client's account pursuant to authority provided in the client agreement. The custodian debits the fees from the client's account(s) as soon as practicable following the last business day of each calendar quarter and sends the amount to BAM. Clients will receive a periodic (at least quarterly) account statement from their custodian, reflecting among other things, any advisory fees withdrawn by the custodian and paid to us. Clients are urged to compare statements received by their custodian, with those statements sent by BAM. For more information on the reports we provide to our clients, please refer to Item 13 below.

In some cases, BAM will allow clients to pay fees directly, by check. In such cases, BAM will send an invoice directly to the client.

Fees will be adjusted pro-rata based upon the number of calendar days in the calendar quarter from when the Agreement is effective. Fees for the initial quarter are adjusted pro-rata based upon the number of calendar days in the calendar quarter that the Agreement is in effect and the dollar amount of the initial deposit. Clients may make deposits or withdrawals during a quarter, which have an effect on fees. For each deposit or withdrawal of \$10,000 and above, the fees will be adjusted on a pro-rata basis and reflected on the next invoice. For deposits and

withdrawals less than \$10,000, the fee will not be adjusted.

Please note that the fees charged by custodians, broker-dealers, and mutual funds (including ETFs), are exclusive of, and in addition to, BAM's management fee. Please see "General Information Related to Fees and Compensation" below for additional information.

Financial Planning Services

After an initial consultation with a client, a financial planning fee will be quoted to the client for the financial planning services provided by BAM. The quote is based upon an estimate of the complexity and time anticipated to perform the services and is based on an hourly rate of \$552 or a fixed fee agreed upon in advance. Fees for comprehensive personal financial plans typically range from \$1,000 - \$5,000, or \$552 - \$2,000 for segmented plans on a specific area. In some cases, fees are negotiated and have been in the past, and can be in the future, either higher or lower than the range quoted above, at the sole discretion of BAM and as agreed to in advance by the client. Depending on certain factors, including the complexity of the services to be provided, BAM requires certain clients to pay up to 50% of the quoted fee up front as a retainer, with the balance due upon delivery of the services. Depending on the services provided, BAM may also allow the client to pay the entire fee upon completion of the financial planning services. In either case, clients are provided with an invoice.

At the completion of the financial planning process, the client has the option to implement recommendations through Associates of the firm but is not obligated to do so. If Associates of BAM assist in the implementation of any recommendations, clients are asked to engage the firm for Portfolio Management Services, as described in Item 4 above. Fees for Portfolio Management Services (described below) are assessed in addition to any planning fee earned for the financial plan.

Portfolio Evaluation

Fees for portfolio evaluation services are billed at an hourly rate of \$552, or at a fixed fee agreed upon in advance. Fees for portfolio evaluation services quoted on a fixed fee basis typically range from \$552 - \$10,000, depending on the complexity of the services provided. In some cases, fees are negotiated and have been in the past, and can be in the future, either higher or lower than the range quoted above, at the sole discretion of BAM and as agreed to in advance by the client. Depending on certain factors, including the complexity of the services to be provided, BAM requires certain clients to pay up to 50% of the quoted fee up front as a retainer, with the balance due upon delivery of the services. In either case, clients are provided with an invoice.

Consulting Services

Consulting Services are provided to clients on an hourly fee basis, or clients may engage BAM

for consulting services on a fixed fee or percentage of assets basis. Determination of the fee basis is agreed to between BAM and client in advance of services rendered and is dependent upon the type of Consulting Services to be provided. If fees are assessed on an hourly fee basis, the hourly rate is \$552. Fixed fees for consulting services typically range from \$552 - \$10,000, although fees may be higher or lower than this range in some cases. Though thus far we have not, BAM may in the future require that clients pay 50% of the quoted fee up front as a retainer, with the balance due upon delivery of the services. Depending on the services provided, BAM may also allow the client to pay the entire fee upon completion of the Consulting Services. In either case, a client is provided with an invoice. If Consulting Services fees are assessed as a percentage of assets, the Portfolio Management fee schedule and methodology described above will be assessed against assets for which Consulting Services are provided.

Retirement Plan Services

BAM will receive an annual advisory fee paid by the plan custodian. This fee is based on a percentage of plan assets under management and is paid quarterly. The advisory fee is the only direct compensation earned by BAM for the advisory services provided to the plan and is applicable whether all or some of the fiduciary and non-fiduciary services are provided during the annual billing cycle. Fees are negotiable and are billed quarterly, in advance, and are based on the total fair market value of plan assets, as reported by the custodian as of the last business day of the preceding calendar quarter. Fees for the initial quarter will be pro-rated based on the number of days advisory services are provided to the plan. BAM does not earn any indirect compensation for any of the services rendered to the plan. BAM believes its fees are fair and reasonable based on the services provided to plan fiduciary but fees charged by other advisors may be higher or lower than those charged by BAM for similar services. The plan will be subject to other fees and charges imposed by account custodians, investment managers, third party administrators, record-keepers, product sponsors (such as mutual fund management fees or fund expenses), and/or brokerage account transaction charges imposed in conjunction with transaction processing, clearing or custody. These fees are separate and distinct from advisory fees charged by BAM. The plan custodian or third-party administrator will send account statements to the plan sponsor at least quarterly, which show all fees charged to plan accounts.

Retirement plan clients have the option of having advisory fees deducted from the plan assets or direct billed by BAM. If fees are deducted directly from the plan account, the plan fiduciary will provide a written standing authorization to the account custodian to authorize the plan custodian to deduct the agreed upon overall fee between the plan fiduciary and the plan custodian and to direct a portion of this fee to BAM representing the amount due. The plan fiduciary agrees that, to the extent permitted by law, he/she is solely responsible for verifying the accuracy of the calculation of the fees and that BAM is not liable to the plan, plan

participants or beneficiaries, or any other fiduciary of the plan for errors in the calculation of advisory fees. If retirement plan clients elect to have fees direct billed, BAM will send a detailed billing invoice to the plan fiduciary and/or third-party administrator, and the plan fiduciary agrees to remit payment to BAM within 30 days of receipt of invoice. The plan fiduciary agrees that, to the extent permitted by law, he/she is solely responsible for verifying the accuracy of the calculation of the fees and that BAM is not liable to the plan, plan participants or beneficiaries, or any other fiduciary of the plan for errors in the calculation of advisory fees.

General Information Related to Fees and Compensation

While BAM has established the above referenced fee schedules for its advisory services, the firm has in the past, and may in the future, negotiate fees under certain limited circumstances, at its sole discretion. Factors considered when determining whether a different fee will be negotiated include, among other things, the complexity of the client's financial situation, related accounts under management, portfolio style, and the provision of other services provided to the client. Some BAM clients pay a fee that is different (some higher and some lower), which is mainly due to the firm having a different fee schedule in effect at the time their accounts were established. BAM has sole discretion to determine when, if ever, previous fee schedules will or will not apply to existing clients. Clients will receive advance written notice of any change in their applicable fee schedules. Investment advisory services provided by BAM may cost a client more or less than advisory services offered by other investment advisors. BAM will not be compensated on the basis of a share of capital gains in a client's account (*i.e.*, performance based-fees), and the firm will not collect fees of more than \$1,200 more than six months in advance of services being rendered.

If a client has a margin account, our fees will be based on the full value of the assets under management without regard to the amount of margin debt on the account. Clients need to be aware that buying investments using margin increases the amount of fees paid to us. In addition, a client with a margin account is charged margin interest by the brokerage firm on the margin debit balance in the client's account.

In addition to advisory fees, clients are subject to custodial and/or account fees charged by account custodians or broker/dealers with whom clients establish accounts. Such additional fees include (as applicable), but are not limited to, transaction charges, IRA fees, wire transfer and electronic fund fees, and other account administrative fees. Clients have the option of purchasing investment products through any broker/dealer of their choice; however, BAM may not be able to provide Portfolio Management Services for assets purchased away from custodians recommended by BAM. Please see additional disclosure made for Item 12, Brokerage Practices, later in this brochure.

In cases where shares of mutual funds and/or ETFs are included in clients' portfolios, clients are also subject to fees and expenses charged directly by the mutual fund and ETF. Such fees include, but are not limited to, management fees, fund expenses, distribution fees, and 12b-1 fees. These fees are generally imbedded in the price of the mutual fund and ETF (commonly referred to as an "expense ratio"), which make them not readily apparent. In addition, some mutual funds will charge a front end load (commission) or a deferred-sales or surrender charge. Transactions in mutual funds and ETFs are also subject to transaction fees charged by the broker executing the transaction.

In addition, some open-end mutual funds offer different share classes of the same fund and one share class can have a higher expense ratio than another share class. The most economical share class will depend on certain factors, including but not limited to the amount of time the shares are held by a client and the amount a client will be investing. Mutual fund expense ratios vary by mutual fund, so it is important to read the mutual fund prospectus to fully understand all the fees charged. BAM always strives to purchase, when available, the lowest cost mutual fund share class for clients. In addition, for new clients that hold any mutual funds upon account opening, BAM reviews to determine whether such mutual fund remains suitable for the client's current objective and if believed to be, then BAM will look to see if a lower cost share class is available and transfer the client's mutual fund holding into such share class. However, there have been times in the past, and can be in the future, when BAM does not have access to lower cost share classes. This mainly happens when the client's custodian does not offer a lower cost share class for some or all of the mutual funds bought for and/or held in clients' accounts, or the investment amount does not meet the share class minimum investment requirement. Transaction fees also play a role in the overall costs when investing in mutual funds. Some custodians offer certain higher cost mutual funds share classes for purchase at no transaction cost. Therefore, BAM will purchase a mutual fund with a share class with a higher expense ratio anytime we've determined, based on facts and circumstances, that such transaction would be the most economical for a client at that time. We also will transfer a client into a lower cost share class at a later date if we determine it is beneficial for the client.

Mutual fund and ETF fees and expenses are outlined in their respective prospectus and statement of additional information, which clients should read carefully to fully understand all fees associated with these investment products. These fees are in addition to the fees charged by us, and we do not receive any portion of these additional fees. The fees charged to a client's account lowers the overall performance of the account. Therefore, clients should review all applicable direct and indirect fees charged, including but not limited to custodian fees, transaction fees, fees associated with investments (e.g., mutual funds and ETFs), and advisory fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

For each of the advisory services described in Item 4 above, BAM requires clients to execute Engagement Agreements, which specify the type of advisory services to be rendered and whether the relationship will be discretionary or non-discretionary. Clients may terminate Engagement Agreements at any time upon prior written notice. If an Agreement is terminated within the first five business days, clients are entitled to a full refund of any fees paid. If an Engagement Agreement is terminated after more than five business days, clients will be assessed fees on a pro-rata basis, based on the number of days that investment management services were provided.

As part of its comprehensive approach to financial planning, from time to time BAM refers clients to other unaffiliated professionals it feels can help client in areas outside the scope of the services provided by BAM. For example, BAM may refer a client to a certain attorney for the development of a Trust or Will. These referrals are for the convenience of the client only, and the decision to use one of the professionals to whom BAM has referred a client is the client's alone. BAM does not take responsibility for the services provided by these other professionals, nor can BAM speak to the merits of the services provided by these professionals. BAM is not affiliated with the professionals to whom clients are referred and is not compensated for any referral made. Clients may be assessed a fee by the service provider, which is separate from any advisory fees assessed by BAM. Neither BAM nor any of its Associates will receive a portion of the fee paid to the other professional service provider.

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

BAM does not charge performance-based fees (*i.e.*, fees calculated based on a share of capital gains upon, or capital appreciation of, the funds or any portion of the funds of an advisory client). Consequently, we do not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee (such as assets under management).

Item 7. Types of Clients

BAM provides investment advisory services to individuals, high-net worth individuals, pension plans, corporations or other businesses, trusts, and charitable organizations. As described in Item 5 above, BAM prefers to offer its Portfolio Management Services to clients with a minimum account size of \$500,000. This account size minimum has been waived in the past and can be waived in the future at BAM's sole discretion.

When BAM provides investment advice to a client, we are deemed a fiduciary under certain federal regulations, and within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way the firm makes money creates conflicts of interest; however, as a fiduciary, BAM and its supervised persons are required to always act in our clients' best

interests, which means we must, at a minimum take the following steps:

- Meet a professional standard of loyalty and care when making investment recommendations.
- Always put our clients' interests ahead of our own when making recommendations and providing services.
- Disclose all conflicts of interest and how the Firm addresses such conflicts.
- Adopt and follow policies and procedures designed to help ensure that we give advice and provide services that remains in each client's best interest.
- Charge an advisory fee that is reasonable for our services.
- Not provide, or withhold, any information that could render our advice and/or services misleading.

If a client's account is a pension or other employee benefit plan governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), BAM will provide certain required disclosures to the "responsible plan fiduciary" (as such term is defined in ERISA) in accordance with Section 408(b)(2), regarding the services we provide, and the direct and indirect compensation received by such clients. Generally, these disclosures are contained in this Form ADV Part 2A, the client agreement and/or in separate ERISA disclosure documents and are designed to enable the ERISA plan's fiduciary to: (1) determine the reasonableness of all compensation received by BAM; (2) identify any potential conflicts of interests; and (3) satisfy reporting and disclosure requirements to plan participants.

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

Methods of Analysis and Investment Strategies

In most instances, the method of security analysis, sources of information and investment strategy chosen for a Portfolio Management client will be dictated by the client's individual needs and objectives. For Portfolio Management clients, BAM takes a comprehensive approach to evaluate an overall portfolio strategy and asset allocation that meets a client's needs and objectives. Rather than focusing on specific investments, BAM identifies an appropriate ratio of debt and equity securities, as well as cash and other investments, to build a portfolio that is suitable (based on the information provided by the client) for a client's investment needs, objectives and risk tolerance. BAM typically does not recommend frequent and short-term trading strategies for its clients.

BAM conducts its research on the investments it recommends using publicly available performance information. BAM utilizes Morningstar, FI360, and specific mutual fund company prospectuses. We also use, from time to time, certain market news reports, financial publications, outside research reports, and interpretation of exchange market data.

BAM evaluates the experience and track record of product managers, to determine whether a manager has demonstrated the ability to manage assets under varying economic situations. BAM also evaluates the underlying investments in a mutual fund or exchange traded fund, to determine whether the manager invests in a manner that is consistent with the fund's investment objective. A risk associated with this type of analysis, is that past performance is not a guarantee of future results. While a manager may have demonstrated a certain level of success in past economic times, he or she may not be able to replicate that success in future markets. In addition, just because a manager may have invested in a certain manner in past years, such manager may deviate from his/her strategy in future years. To mitigate this risk, BAM attempts to select investments from companies with proven track records that have demonstrated a consistent level of performance and success. BAM also relies on an assumption that the rating agencies it uses to evaluate investments is providing accurate and unbiased analysis.

BAM uses investment management strategies that it feels best meet its clients' needs and objectives. Such strategies typically include asset allocation, diversification, and a tax managed approach for taxable accounts. While this strategy typically meets the needs and objectives of our clients, long-term investment strategies include the risk of not taking advantage of short-term gains that could be profitable to a client. In addition, all securities investments involve risk and clients can lose all or part of their investment. Clients who elect to invest in securities must be willing to bear this risk. For this reason, BAM takes extra care to determine an appropriate risk tolerance of its clients. Investment recommendations are made with this risk tolerance in mind.

Risk of Loss

All securities investments involve risk and clients can lose all or part of their investment. Clients who elect to invest in securities must be willing to bear this risk. For this reason, BAM takes extra care to determine an appropriate risk tolerance of its clients. Investment recommendations are made with this risk tolerance in mind. However, there can be no assurance that a client's investment objectives will be obtained, and no inference to the contrary should be made. Clients should: (i) only commit assets for management that can be invested for the long term, (ii) understand that volatility from investing can occur, and (iii) that all investing is subject to risk and consequently, the value of a client's account can at any time be worth more or less than the amount invested. In addition, there is no assurance that a mutual fund or ETF will achieve its investment objective or that BAM's management of a client's assets will be profitable. Past performance of investments is no guarantee of future results.

There are a number of risks that client need to consider in deciding to open a margin account. These risks include, but are not limited to the following:

- You can lose more assets than you deposit in the margin account. A decline in the value of securities that are purchased on margin may require you to provide additional monies to the account to avoid the forced sale of those securities or other securities in your margin account.
- The brokerage firm can force the sale of securities in your account. If the equity in your account falls below the maintenance margin requirements under the law—or the brokerage firm's higher "house" requirements—the brokerage firm can sell the securities in your account to cover the margin deficiency. You will also be responsible for any short fall in the account after such a sale.
- The brokerage firm can sell your securities without contacting you. Some investors mistakenly believe that a brokerage firm must contact them for a margin call to be valid, and that the brokerage firm cannot liquidate securities in their accounts to meet the call unless such firm has contacted them first. This is not the case. As a matter of good customer relations, most brokerage firms will attempt to notify their customers of margin calls, but they are not required to do so.
- You are not entitled to an extension of time on a margin call. While an extension of time to meet initial margin requirements may be granted to you by the brokerage firm under certain conditions, they are not required to provide any extension. In addition, they also are not required to provide an extension of time to meet a maintenance margin call.

You should consult your brokerage firm regarding any concerns they may have with your margin accounts.

The following is an outline of the main risks pertaining to the types of securities utilized by BAM for client investment:

- **Market Risk:** The price of the security can drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances.
- **Equity Risk:** Historically, the equity markets have moved in cycles, and the value of equity securities can fluctuate significantly from day-to-day. Individual companies can report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies can suffer a decline in response. These factors contribute to price volatility.
- **Business Risk:** This risk is associated with a particular industry or a particular

company within an industry. For example, oil-drilling companies depend on finding oil and then refining it before they can generate a profit. This can be a lengthy process. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

- **Foreign Risk:** Investments in foreign securities pose special risks, including currency fluctuation and political risks, and such investments can be more volatile than that of a U.S. only investment. The risks are generally intensified for investments in emerging markets.
- **Currency Risk:** Foreign 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.
- **Political and Legislative Risk:** Companies face a complex set of laws and circumstances in each country in which they operate. The political and legal environment can change rapidly and without warning, with significant impact, especially for companies operating outside of the United States or those companies who conduct a substantial amount of their business outside of the United States.
- **Credit Risk:** The risk that principal and/or interest on a fixed income investment will not be paid in a timely manner or in full due to changes in the financial condition of the issuer. Generally, the higher the perceived credit risk, the higher the rate of interest investors will receive on their investment.
- **Interest Rate Risk:** The risk that the value of an interest-bearing investment will change due to changes in the general level of interest rates in the market. The market value of a bond fluctuates inversely to the change in interest rates; that is, as interest rates rise, bond prices fall and vice versa. Interest rate risk is commonly measured by a bond's duration; the greater a bond's duration, the greater the impact on price of a change in interest rates. Investors can incur a gain or loss from bonds sold prior to the final maturity date. Many bonds are rated by a third party Nationally Recognized Statistical Rating Organization (NRSRO), for example, Moody's Investor Services or Standard & Poor's Inc. While ratings may assist investors to determine the creditworthiness of the issuer, they are not a guarantee of performance. U.S. Treasury bills, notes and bonds are guaranteed by the full faith and credit of the United States and therefore are deemed to carry no risk of default.
- **Reinvestment Risk:** The risk that interest and principal payments from a bond will be reinvested at a lower yield than that received on the original bond. During periods of declining interest rates, bond payments may be invested at lower rates; during periods of rising rates, bond payments may be invested at higher rates.
- **Call Risk:** The risk that a bond will be called by its issuer. A callable bond has a provision which allows the issuer to purchase the bond back from the bondholders at a predetermined price. Generally, issuers call bonds when prevailing rates are lower

than the cost of the outstanding bond. Call provisions allow an issuer to retire high-rate bonds on a predefined call schedule.

- **Prepayment Risk:** Some types of bonds are subject to prepayment risk. Similar to call risk, prepayment risk is the risk that the issuer of a security will repay principal prior to the bond's maturity date, thereby changing the expected payment schedule of the bonds. Prepayment risk is particularly prevalent in the mortgage-backed bond market, where a drop-in interest rate can trigger a refinancing wave. When investors in a bond comprised of the underlying pool of mortgages receives his or her principal back sooner than expected, they may be forced to reinvest at prevailing, lower rates.
- **Liquidity Risk:** The risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss. Liquidity risk is typically reflected in a wide bid-ask spread or large price movements. It also is a risk associated with an investment in private funds.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year because purchasing power is eroding at the rate of inflation.
- **Opportunity Cost Risk:** The risk that an investor can forego profits or returns from other investments.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Some of the mutual funds and/or ETFs that we invest in for clients employ alternative or riskier strategies, such as the use of leverage or hedging. Leverage is the use of debt to finance an activity. For example, leverage is used when one uses margin to buy a security. Hedging, on the other hand, occurs when an investment is made in order to reduce the risk of adverse price movements in a security. For example, hedging is used when one takes an offsetting position in a related security, such as an option or short sale. While leverage or hedging can operate to increase rates of return, it also increases the amount of risk inherent in an investment. Other mutual funds and/or ETFs can employ other alternative techniques and/or invest in alternative type investments, which carry inherent higher degrees of risks. Such alternative investments include, but are not limited to commodities and futures, swaps, privately held investments, master limited partnerships, and precious metals. These types of mutual funds and ETFs carry higher costs and substantial risks, such as the risks inherent in an investment in securities as well as specific risks associated with each particular underlying fund's investment strategy and the types of securities they invest in. In addition, BAM utilizes both diversified and non-diversified mutual funds, and while diversification does not guarantee better performance, non-diversified mutual funds have the risk of being too concentrated in one or more securities. The risks pertaining to mutual

funds are detailed in their respective prospectus and statement of additional information and should be read carefully to fully understand all applicable risks.

Prior to entering into an agreement with BAM, a prospective client should carefully consider: (1) committing to management only those assets that will not be needed for current purposes and that can be invested on a long-term basis, usually a minimum of three to five years, (2) that volatility from investing in securities can occur, and (3) that over time a client's assets can fluctuate and at any time be worth more or less than the amount invested.

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 BAM or the integrity of BAM's management. BAM has no reportable information applicable to this item.

Item 10. Other Financial Industry Activities and Affiliations

BAM is engaged in no other business other than the businesses described herein, nor does it offer products or services other than those described herein.

The principal business activity of Steven M. Berkson, President and owner of BAM, is as President of the accounting firm of Steven M. Berkson, CPA, A Professional Corporation. Sherri R. Berkson, an administrative officer and shareholder of BAM, is a corporate officer of Steven M. Berkson, CPA, A Professional Corporation. Mr. Berkson devotes approximately 55% of his time to the accounting firm and approximately 45% to the advisory activities conducted by BAM. Clients of the accounting firm are not required to use the services of BAM and clients of BAM are not required to use the services of Steven M. Berkson, CPA, A Professional Corporation. BAM does not engage in tax advice or accounting services, and clients of BAM are urged to work closely with their accountants.

In addition to the above, Mr. Berkson is the managing member of the below listed limited liability companies:

- Oil Vey, LLC
- Premier RV Storage, LLC
- Premier RV Development, LLC

Mr. Berkson serves as the managing member for each of the LLCs; however, they are structured for passive investing.

Mr. Berkson also serves as a member on the Board of Directors of Carson Estate Trust, which is a real estate investment trust ("REIT"). In his role as a board member, Mr. Berkson is not involved in any investment decisions pertaining to the REIT, or its underlying investments.

Mr. Berkson spends less than 1% of his work time performing his duties for these outside companies. The monies Mr. Berkson receives from his outside business activities account for approximately 15% of his annual income.

While Mr. Berkson devotes as much time to the business and affairs of BAM as is necessary to run the company and perform his duties, he also devotes time to performing services for his CPA firm. The dual roles and additional compensation received creates a conflict of interest, which is addressed by providing disclosures to clients at the time of entering into an agreement with BAM, mainly through the delivery of this Brochure and Mr. Berkson's Supplemental Brochure (ADV Part 2B). Additionally, as part of our fiduciary duty to clients, BAM and Mr. Berkson endeavor at all times to put the interests of the clients first.

As discussed in Item 5 above, from time to time BAM refers clients to other unaffiliated professionals it feels can help a client in areas outside the scope of the services provided by BAM. For example, BAM may refer a client to a certain attorney for the development of a Trust or Will. These referrals are for the convenience of the client only, and the decision to use one of the professionals to whom BAM has referred a client is the client's alone. BAM does not take responsibility for the services provided by these other professionals, nor can BAM speak to the merits of the services provided by these professionals. BAM is not affiliated with the professionals to whom clients are referred and is not compensated for any referral made. Clients may be assessed a fee by the service provider, which is separate from any advisory fees assessed by BAM. Neither BAM nor any of its Associates will receive a portion of the fee paid to the other professional service provider.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

BAM has adopted a Code of Ethics to promote the principles of honesty and integrity in its business practices and to maintain BAM's reputation as a firm that operates with the highest level of professionalism. BAM recognizes its fiduciary responsibilities to its clients, and its duty and pledge to place clients' interests first and foremost. In connection with this duty, all employees of BAM are subject to the firm's Code of Ethics and are required to acknowledge their understanding of its terms. A copy of the BAM Code of Ethics will be provided to any client or prospective client upon request.

BAM's Code of Ethics establishes procedures for employees to report personal securities

transactions and personal securities holdings. The Code sets forth procedures for management review of these reports. BAM's employees are required to obtain pre-approval for certain personal securities transactions or refrain from certain transactions altogether. BAM's Code of Ethics also sets forth the obligation of all BAM employees to comply with applicable state and federal securities laws, and the duty to cooperate in any investigation or inquiry conducted on or by BAM. Finally, BAM's Code of Ethics establishes procedures for the reporting of any potential violation of the firm's Code.

BAM or its owners, officers, and employees buy or sell securities that are the same or different than those they recommend to clients. Buying or selling the same security as a client represents a potential conflict of interest and is addressed through BAM's Code. BAM or its owners, officers and employees are not permitted to sell securities from their accounts directly to a client, nor can they purchase securities directly from a client. BAM, its owners, officers and employees are prohibited from trading on material nonpublic information. BAM's Code contains requirements that address potential conflicts, mainly through reporting and our pre-approval process. BAM endeavors to ensure that the personal trading activities of its owners, officers and employees do not interfere with the decision-making process for client investment recommendations. BAM also endeavors to ensure that the personal trading activities of its owners, officers and employees do not interfere with the implementation of investment recommendations made to clients.

BAM prohibits its owners, officers, and employees from participating in any principal transactions where securities are purchased directly from or sold directly to a client. BAM also prohibits its owners, officers and employees from purchasing shares in initial public offerings or private placement offerings, unless express written permission is provided in advance by the firm's Chief Compliance Officer.

Item 12. Brokerage Practices

BAM does not maintain physical custody of our clients' assets that we manage (although we are deemed to have custody for clients' accounts that have given us authority to withdraw fees from the accounts – see Item 15 below). Client assets are required to be maintained in an account at a qualified custodian. For Portfolio Management clients, BAM recommends that clients maintain their managed assets at Charles Schwab & Co, Inc. ("Schwab"). Schwab is an unaffiliated registered broker/dealer registered with the Financial Industry Regulatory Authority ("FINRA") and a member the Securities Investor Protection Corporation ("SIPC"). While clients may choose to use a different broker/dealer for execution and custodial services, BAM may be unable to provide Portfolio Management services to clients who elect to use other firms. BAM routinely recommends that clients utilize the brokerage and custodial services offered by Schwab; however, the final decision is made by the client. BAM is independently owned and operated, and not affiliated with Schwab.

Schwab will hold clients' assets in a brokerage account and buy and sell securities when we instruct them to. Transactions executed by Schwab will be subject to the transaction and execution fee schedule in effect at the time of execution. BAM does not negotiate commission rates or volume discounts. Therefore, brokerage and investment advisory services offered by BAM may cost a client more or less than similar investment advisory services offered by another firm, or by purchasing similar services separately.

How We Select Brokers/Custodians

We seek to recommend a custodian/broker who will hold a client's assets and execute transactions on terms that we believe are overall most advantageous when compared to other available providers and their services.

BAM considers a range of factors, including, among others, the following:

- 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 a client's 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
- 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")

Clients have no obligation to open accounts with any custodial broker-dealers that BAM recommends, but we do not guarantee that we will be able to work with a broker chosen by a client. In the event that we accept a client's direction to use a particular broker or dealer, the client will be responsible for negotiating terms and arrangements for the account with that broker-dealer, and BAM will not seek better execution services or prices from other broker-dealers. In addition, we won't be able to "aggregate" client transactions for execution through other broker-dealers with orders for other accounts managed by BAM. Also, in directed

brokerage situations, BAM will have limited ability to ensure the broker-dealer selected by the client will provide best possible execution. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. BAM does not receive client referrals from any broker-dealer or third party as a result of the firm selecting or recommending that broker-dealer to clients.

Importantly, when a client's account is maintained at Schwab, BAM has the ability to use other brokers to execute trades for a client's account, as described in the next paragraph.

Client Custody and Brokerage Costs

For clients' accounts maintained at Schwab, Schwab generally does not charge them separately for custody services but is compensated by charging the client commissions or other fees on trades that it executes or that settle into the client's Schwab account. Schwab's commission rates applicable to clients' accounts were negotiated based on BAM's commitment to maintain a minimum amount (\$10 million or more) of our clients' assets in accounts at Schwab. This commitment benefits the client because the overall commission rates a client pays are lower than they would be if BAM had not made the commitment. In addition to commissions, Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that BAM executes by a different broker-dealer, but where the securities bought or the funds from the securities sold are deposited (settled) into a client's Schwab account. These fees are in addition to the commissions or other compensation a client pays the executing broker-dealer. Because of this, in order to minimize a client's trading costs, BAM has Schwab execute all trades for clients' accounts held at Schwab.

Products and Services Available to BAM from Schwab

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's division that serves independent investment advisory firms like BAM. 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 clients. Schwab also makes available various support services. Some of those services help BAM 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 BAM as long as we keep a total of at least \$10 million of our clients' assets in accounts at Schwab. If we have less than \$10 million in client assets at Schwab, then Schwab may charge us quarterly service fees. Below is a more detailed description of Schwab's support services.

Services that Benefit the Client

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 BAM may not otherwise have access or that would require a significantly higher minimum initial investment by BAM's clients. Schwab's services described in this paragraph generally benefit the client and the client's account.

Services that Do Not Directly Benefit the Client

Schwab also makes available to BAM other products and services that benefit BAM but do not directly benefit our clients. These products and services assist BAM in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. BAM can 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 the Advisor's fees from our clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Services that Generally Benefit Only BAM

Schwab also offers other services intended to help BAM 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.

In some cases, Schwab provides these services itself. In other cases, it will arrange for third-party vendors to provide the services to BAM. There also are times when Schwab will discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab also provides BAM with other benefits, such as occasional business entertainment of our personnel.

Our Interest in Schwab's Services

The availability of these services from Schwab benefits BAM 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 BAM committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum gives us an incentive to recommend that clients maintain their accounts with Schwab based on BAM's interest in receiving Schwab's services that benefit our business rather than based on a client's interest in receiving the best value in custody services and the most favorable execution of their transactions. This is a conflict of interest. BAM believes, however, that our selection of Schwab as a broker/custodian is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services (based on the factors discussed above) and not Schwab's services that benefit only BAM. We do not believe that maintaining at least \$10 million of our clients' assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

Soft Dollar Considerations

Section 28(e) of the Exchange Act ("Section 28(e)") generally allows investment advisers to use client commissions to pay for certain brokerage and research services under certain circumstances without breaching their fiduciary duties to clients. Therefore, we do in circumstances in which we feel that execution is comparable, place certain trades with a third-party broker that is providing brokerage and research services to us ("Research Broker"). securities, individual companies, statistical information, taxation; political developments, legal developments, technical market action, pricing and appraisal services, credit analyses; risk measurement analysis and performance analysis. Such research services can be received in the form of written reports, telephone conversations, personal meetings with security analysts and/or individual company management, and attending conferences. The research services provided by a Research Broker may be proprietary (i.e., research created by the broker) and/or provided by a third party (i.e. originates from a party independent from the broker providing the execution services, which is commonly referred to as a third-party soft dollar arrangement). In selecting a Research Broker, we will make a good faith determination that the amount of the commission charged is reasonable in relation to the value of the brokerage and research services received, viewed in terms of either the specific transactions or our overall responsibility to the accounts for which we exercise investment discretion. In accordance with Section 28(e), BAM may cause a client to pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction, in recognition of the value of the brokerage and/or research services provided by such broker. Research services provided by Research Brokers can be used by us in servicing any or all of our clients and can be used in connection with clients other than those making the payment of commissions to a Research Broker, as permitted by Section 28(e). In other words, there could be certain client accounts that benefit from the research services, which did not make the payment of commissions to the Research Broker

providing the services. The receipt of brokerage and research services from any broker executing transactions for our clients will not result in a reduction of our customary and normal research activities, and the value of such information is, in our view, indeterminable. Nevertheless, the receipt of such research may be deemed to be the receipt of an economic benefit by us, and although customary, is deemed to create a conflict of interest between BAM and our clients. Therefore, we feel it is important for clients to be aware of the issues surrounding soft dollars. To address the conflicts inherent in soft dollar arrangements, BAM monitors and reviews transaction results to evaluate the quality of execution provided in order to determine that compensation rates are competitive and otherwise to evaluate the reasonableness of the compensation paid to the executing broker-dealer(s) in light of all the factors described above and that our clients are receiving the best overall deal considering the prevailing facts and circumstances.

Currently, BAM does not have any third-party soft dollar arrangements in place.

Item 13. Review of Accounts

For Financial Planning, Portfolio Evaluation, and Consulting Services, client reviews are conducted on a case by case basis, only at the request of a client. BAM generally does not provide additional reviews or reports after the delivery of the initial services for which the firm was engaged. Clients are encouraged to review their own financial situations to determine if additional service or support is needed from BAM.

Portfolio Management client reviews are conducted on a continuous and ongoing basis. Client accounts are monitored for aggregate performance in light of general market and economic conditions. Each Portfolio Management account undergoes a thorough review at least quarterly. Recommendations are made at the end of these reviews, as necessary, for the rebalancing of an account or to recommend alternative investments. More frequent reviews are made when there are material market changes or changes in the client's financial situation. Material changes in the underlying assets of a fund or a change in managers will also trigger more frequent account reviews. Portfolio Management account reviews are conducted by Steven M. Berkson.

Portfolio Management accounts receive quarterly performance reports as agreed to by BAM and the client. Such reports include investment summaries and allocation, and performance relative to relevant market indices. Clients also receive normal and customary brokerage account statements, if applicable, whenever there is activity in the accounts or at least quarterly. Clients should compare account information provided in reports furnished by BAM with the information provided on the custodial brokerage statements.

Item 14. Client Referrals and Other Compensation

As discussed previously, the sole business of BAM is that of providing the investment advisory services described herein. BAM's compensation is based on the advisory services offered by the firm.

BAM does not currently compensate any person or entity, either directly or indirectly, for client referrals.

As discussed in Item 5 above, from time to time BAM refers clients to other unaffiliated professionals it feels will help a client in areas outside the scope of the services provided by BAM. For example, BAM may refer a client to a certain attorney for the development of a Trust or Will. These referrals are for the convenience of the client only, and the decision to use one of the professionals to whom BAM has referred a client is the client's alone. BAM does not take responsibility for the services provided by these other professionals, nor can BAM speak to the merits of the services provided by these professionals. BAM is not affiliated with the professionals to whom clients are referred and is not compensated for any referral made. Clients may be assessed a fee by the service provider, which is separate from any advisory fees assessed by BAM. Neither BAM nor any of its Associates will receive a portion of the fee paid to the other professional service provider.

As mentioned in Item 12 above, BAM receives an economic benefit from Schwab in the form of the support products and services it makes available to BAM and other independent investment advisers that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described in Item 12 above. The availability of Schwab's products and services to BAM is not based on our giving particular investment advice, such as buying particular securities for our clients.

From time to time, BAM invests clients in Dimensional mutual funds ("DFA Funds"), which are generally available for investment only by institutional clients, clients of registered investment advisers, clients of financial institutions and a limited number of certain other investors as approved from time to time by Dimensional Fund Advisors ("Dimensional"). While BAM does not receive or share in any of the fees charged by DFA Funds, BAM does receive certain products and services from Dimensional at no cost to BAM. These include, but are not limited to, free admission to Dimensional conferences and workshops, newsletters and articles published by Dimensional, and access to a secure website that provides software that can be utilized to construct hypothetical portfolios and obtain reports based on such portfolios for use with prospects and clients. Since BAM does not have to pay for any of these products and services, it creates a potential conflict of interest as it gives BAM an incentive to recommend and/or invest clients in the DFA Funds. Importantly, as part of BAM's fiduciary duty to clients, the Firm and its employees endeavor at all times to

put the interests of the clients first and will only make investments for clients that BAM believes are suitable and, in the client's best interest.

Item 15. Custody

Pursuant to Rule 206(4)-2 of the Advisers Act, BAM is deemed to have "constructive custody" of client funds because the Firm has the authority and ability to debit its fees directly from the accounts of those clients receiving BAM's investment advisory services.

Additionally, certain clients have, and can in the future, sign a Standing Letter of Authorization (SLOA) that gives the firm the authority to transfer funds to a third-party as directed by the client in the SLOA. This is also deemed to give the firm constructive custody. Firms with deemed custody must take the following steps:

1. Ensure clients' managed assets are maintained by a qualified custodian;
2. Have a reasonable belief, after due inquiry, that the qualified custodian will deliver an account statement directly to the client at least quarterly;
3. Confirm that account statements from the custodian contain all transactions that took place in the client's account during the period covered and reflect the deduction of advisory fees; and
4. Obtain a surprise audit by an independent accountant on the clients' accounts for which the advisory firm is deemed to have custody.

However, the rules governing the direct debit of client fees and SLOAs exempts BAM from the surprise audit rules if certain conditions (in addition to steps 1 through 3 above) are met. Those conditions are as follows:

1. When debiting fees from client accounts, the firm must receive written authorization from clients permitting advisory fees to be deducted from the client's account.
2. In the case of SLOAs, BAM must: (i) confirm that the name and address of the third party is included in the SLOA, (ii) document that the third-party receiving the transfer is not related to the firm, and (ii) ensure that certain requirements are being performed by the qualified custodian.

In addition, BAM is deemed to have custody due to the fact that an employee serves as trustee to certain client's trust accounts. For these accounts, BAM obtains annual surprise exams by an independent accounting firm.

Notably, in most cases a client's broker-dealer acts as the custodian of the client's assets for little or no extra cost. Clients should be aware, however, of the differences between having

their assets held at a broker-dealer versus at a bank or trust company. Some of these differences include, but are not limited to, custodian costs, trading issues, security of assets, client reporting and technology.

BAM will only implement its investment management recommendations after the client has arranged for and furnished BAM with all information and authorization regarding its accounts held at the designated qualified custodian. Clients will receive statements on at least a quarterly basis directly from the qualified custodian that holds and maintains their assets. Clients are urged to carefully review all custodial statements and compare them to the statements provided by BAM. BAM statements vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Please refer to Item 12 for additional important disclosure information relating to BAM's practices and relationships with custodians.

Item 16. Investment Discretion

BAM provides investment advisory services on both a non-discretionary and discretionary basis. As such, clients are free to place reasonable restrictions on the investments made for their accounts. For non-discretionary relationships, clients are free to implement or decline investment recommendations made by BAM. For non-discretionary asset management, BAM obtains from clients a limited power of attorney, limited to the power of executing trades. While this power of attorney will allow BAM to place a trade with the appropriate broker/dealer at which client's account is held, all trades will have been discussed with client, and approved by client, prior to execution. In addition, clients are free to implement investment recommendations at firms of their choice; however, if clients choose to implement transactions at firms other than those recommended by BAM, the firm may be unable to provide investment advice or Portfolio Management services for those assets. For discretionary asset management, clients will be asked to provide written authorization granting BAM trading discretion.

Item 17. Voting Client Securities

BAM does not accept authority to vote client securities on behalf of clients. Clients retain all rights to their brokerage accounts, including the right to vote proxies. Clients are responsible for directing each custodian of their assets to forward copies of all proxies and shareholder communications directly to the client. While BAM can provide information or consultation to assist a client in deciding how to vote a particular security, the ultimate decision and responsibility to vote a security lies with the client.

Item 18. Financial Information

BAM does not require or solicit prepayment of more than \$1,200 in advisory fees more than six months in advance of services rendered. BAM is therefore not required to include a

financial statement or balance sheet with this brochure. BAM does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. BAM has not been the subject of any bankruptcy petition.