

**Item 1 – Cover Page**

**BHK Securities, LLC**

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March 25, 2022

This Brochure provides information about the qualifications and business practices of BHK Securities, LLC. If you have any questions about the contents of this Brochure, please contact us at (205) 322-2025. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

BHK Securities, LLC is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. This Brochure is intended, in part, to provide information which can be used to make a determination to hire or retain an Adviser.

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

## **Item 2 – Material Changes**

Since our last annual update dated March 30, 2021, we have made the following changes to this Brochure:

Item 4 was updated to more clearly specify our current offerings; and

Item 4 was updated with additional disclosure information regarding our responsibilities when advising an IRA or other ERISA Retirement plan.

We will provide you with a new Brochure upon request, at any time, without charge. Our Brochure may be requested by contacting Meredyth Roberts Hazzard or James Bailey Knight at the numbers above.

Additional information about BHK Securities, LLC (“BHKS”) is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site provides information about any persons affiliated with BHKS who are registered, or are required to be registered, as investment adviser representatives of BHKS.

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#### **Item 4 – Advisory Business**

BHK Securities, LLC was established in 2006 and approved as a Registered Investment Adviser in September 2006. The three shareholders and executive officers include Meredyth Roberts Hazzard (CEO), John Gurney Brock (President), and James Bailey Knight (CCO). Please refer to Item 10 for more information on BHK Advisors, Inc. which is an affiliated Registered Investment Adviser under common control.

For its investment advisory clients, BHK may provide the following programs to each client:

- I. BHK Investment Advisory**
- II. BHK Retirement Plan Consulting**

##### **I. BHK Investment Advisory**

BHK Securities, LLC (“Introducing Firm” or “BHKS”) has entered into an agreement with First Clearing<sup>1</sup> pursuant to which First Clearing provides advisory and/or administers various wrap fee programs that are offered by BHKS (“Programs”). Currently, BHKS offers a Personalized UMA Program, FundSource Program and Customized Portfolios Program through First Clearing. Additional programs, including Private Investment Management (*PIM*®), Asset Advisor (“Asset Advisor”) and CustomChoice, are offered under a separate wrap fee brochure. Clients of investment advisory accounts described herein are clients of BHKS. First Clearing provides advisory and/or other services to BHKS with respect to all of the programs but provides investment advice that is tailored to the needs of a particular client only with respect to certain strategies within the Personalized UMA. Unless otherwise specified, First Clearing will maintain custody of client assets. First Clearing is a “qualified custodian” as described by Rule 206(4)-2 of the Investment Advisers Act. *FundSource*® and *PIM*® are registered service marks of Wells Fargo & Company and used under license.

BHKS provides investment advisory services by recommending money managers and/or programs available through First Clearing that best meet the client needs based on the investment objectives given by the client and other selection criteria. The programs available through First Clearing provide investment advice, brokerage, and custodial services under a “wrap fee” arrangement. Generally, in a wrap fee arrangement, the account pays a combined fee for investment advice, brokerage services, clearance and settlement services, and custodial services. The account may also be charged for expenses or services that are not covered by the wrap fee and these will be described in the Program’s separate “Wrap Brochure” provided to the client or in the client’s separate agreement with First Clearing.

In certain programs, the client may choose to receive investment recommendations on a nondiscretionary or discretionary basis. Some of the programs also permit the client to elect to have the account’s assets rebalanced automatically at pre-determined intervals as an aid to ensure the portfolio continues to reflect its intended asset allocations.

The managers available through First Clearing employ a variety of investment strategies depending on the particular Program, the size of the account, the needs of the client, and the account’s objectives. Ordinarily, the managers’ strategies include long or short-term purchases of securities and, sometimes, include supplemental covered option writing, where appropriate, depending on the account’s objectives and the manager’s style. Some strategies also include margin transactions, other option or trading strategies, or short-sale transactions. Investment decisions in some programs are guided by model

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<sup>1</sup> First Clearing is a trade name used by Wells Fargo Clearing Services, LLC, Member SIPC, a registered broker-dealer and non-bank affiliate of Wells Fargo & Company.

portfolios intended to reflect the investment objectives and needs of the client. See separate program brochures for further information. Programs available through First Clearing include:

### ***Personalized Unified Managed Account (“Personalized UMA”)***

Through the Personalized UMA program, BHKS reviews client’s investment needs, objectives, and risk tolerance, and assists clients in selecting among various investment options available, which includes investments in affiliated and unaffiliated Managers, mutual funds, ETFs, and advisory annuities, each known as a strategy. The Personalized UMA offers three investment strategy types:

- Single Strategy – one strategy of a certain affiliated or unaffiliated Manager per Account.
- Multi Strategy Optimal Blends – Target allocations are selected comprised of strategies of certain Managers, mutual funds and/or ETFs designed for clients with various investment objectives. These Optimal Blends are based upon Manager, mutual fund and ETF due diligence provided by WFII.
- Multi Strategy Custom Blends – Individualized custom target allocations are created consisting of multiple strategies of Managers, mutual funds, ETFs and/or advisory annuities in one Account.

The intent of the Personalized UMA is to offer a competitive roster of high-quality Managers, mutual funds, ETFs and advisory annuities representing a broad array of investment asset classes and approaches. The varied asset classes and investment styles are generally intended to be complementary in nature with respect to their combined diversification and risk/return-based characteristics.

Fees, including minimum annual fees, vary based on strategy selected. More information is available in the Wells Fargo Wrap Fee Brochure.

### ***FundSource***

The ***FundSource*** program is a discretionary investment advisory program that offers a broad array of mutual funds that invest in and across different investment asset classes and employ varied approaches to investment management. Fund Source offers a number of “Optimal Blends” that offer managed portfolios of recommended funds, based on due diligence and asset allocation guidance provided by WFII, and market exposures and fund combinations that are designed to be appropriate for a number of different investment objectives. Based on the clients’s investment objectives, financial circumstances and risk tolerance, BHKS may recommend an Optimal Blend or a Customized Blend, which includes a custom target allocation. More information is available in the Wells Fargo Wrap Fee Brochure.

*The fees for advisory programs listed are asset based and assessed quarterly in advance. There may be a minimum fee of up to \$375 per quarter to maintain this type of account. Fees include advisory services, performance measurement, transaction costs, custody services and trading. These fees do not cover the fees and expenses of any underlying exchange traded funds, closed-end funds or mutual funds in the portfolio. Advisory accounts are not designed for excessively traded or inactive accounts and may not be suitable for all investors. Please carefully review the Advisory Disclosure Document associated with the program for a full description of our services, including fees and expenses. The minimum account size for these programs is between \$25,000 and \$200,000.*

## ***Customized Portfolios***

Under the Customized Portfolios program, BHKS will assist clients in selecting from portfolios based on the investment strategies of WFII. Several portfolio options are available, including Fixed Income Portfolios, Custom Option Portfolios, and Option Premium Income strategy. More information is available in the Wells Fargo Wrap Fee Brochure.

*There is a minimum program fee of \$250 per quarter. The imposition of the minimum program fee could cause your fee (expressed as a percentage) to be greater than the standard program fee listed below and the program fee stated in the client agreement.*

## **II. BHK Retirement Plan Consulting Services**

BHKS provides non-discretionary Retirement Plan Consulting Services that include one or more of the following services:

1. Review of existing portfolio investments
2. Assisting in the development of an Investment Policy Statement
3. Mutual Fund Search and Recommendation
4. Separately Managed Account Search and Recommendation
5. Diversification Review
6. Fund Analysis Reports
7. Advice to participants regarding investment options available to them in the Plan

The Disclosure Document for each separate Manager contains important information regarding conflicts of interest, compensation, risks, potential benefits, and other information that prospective investors should review and consider before investing.

## **ERISA and Individual Retirement Accounts Disclosure**

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries 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 we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interests ahead of yours.

Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

As of December 31, 2020, BHKS held \$49,900,000 in discretionary assets under management and \$81,100,000 in non-discretionary assets under management.

## **Item 5 – Fees and Compensation**

For its investment advisory clients, BHK may provide the following programs to each client:

- I. BHK Investment Advisory**
- II. BHK Retirement Plan Consulting**

### **I. BHK Investment Advisory**

Each Strategy within the Personalized UMA has a different Program Fee schedule, which can vary depending on the particular investment strategies or portfolios selected by the client, the particular manager selected by the client, and the individual Advisor, among other factors. Generally, the Advisor may, in his or her discretion, negotiate the portion of the Program Fee that is payable to the Advisor or the Firm, but does not negotiate the portion payable to First Clearing or a third-party manager. The client's Advisory Agreement will state the specific Program Fee applicable to client's account.

The fees are based on the assets under management and in some instances, may be negotiated. Fees are in the form of an annual rate that is calculated and assessed in advance on a quarterly basis. If an account is terminated during a quarter, a prorated balance of the fees not earned will be refunded. The following Maximum Program Fee schedule is typical for many programs, but can vary widely.

#### **Programs – Maximum Standard Fee Schedule**

<b>Total Account Value</b>	<b>Annualized Program Fee</b>
First \$250,000	2.75%
Next \$750,000	2.50%
Next \$1,000,000	2.00%
Over \$2,000,000	Negotiable

The specific manner in which fees are charged by BHKS is established in a client's written agreement. BHKS will bill its fees on a quarterly basis in advance. Fees will be debited directly from the client's account, are based on the assets under management and in some instances, may be negotiated. Fees are in the form of an annual rate that is calculated and assessed in advance on a quarterly basis.

The account value is calculated as the market value of all long and short securities positions in the account. Although the fees listed above are "default" fees, they may, in some circumstances, be negotiable. The fee encompasses all transaction related costs associated with the execution of the transaction. The client shall pay an initial fee from the account to BHKS on the date of acceptance of the contract based upon the value of the account on the date of acceptance and prorated through the end of the calendar quarter. Thereafter, the quarterly fee shall be paid to BHKS on the first business day of each succeeding calendar quarter based upon the value of the account on the last business day of the prior calendar quarter. In the case of a net capital contribution or withdrawal, fees will be prorated and charged or refunded if the net addition or net withdrawal would generate a fee or refund of at least \$40 for that quarter. No fee adjustment will be made during any fee period for appreciation or depreciation in the market value of assets in the account during that period. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client will maintain or deposit

sufficient funds in the account to cover payment of all fees authorized by the contract and the client authorizes BHKS and clearing firm to debit the account balances or redeem money market fund shares in the amount equal to the fee that is due. If there are not funds to cover the fees, then BHKS may liquidate assets to cover fees. The service fee schedule may be changed upon written notification from BHKS to the client.

A portion of fees described herein may be paid to BHK Investment Advisors or its investment adviser representatives when BHK Investment Advisors acts as a consultant or sub-adviser. BHK Investment Advisors is affiliated with BHKS, as further described under Item 10. In addition, a portion of the fees are paid to BHKS Financial Advisors in connection with the provision of investment advice and/or client-related services within those programs. This compensation may be more than BHKS's Financial Advisors would receive if clients paid separately for investment advice, brokerage, and other services and; therefore, BHKS Financial Advisors have a financial incentive to recommend these program services over others.

The Program Fees are subject to exclusions, calculations, and conditions contained in each Program's Disclosure Document and Advisory Agreement. Additionally, most Programs have a minimum quarterly Program Fee (up to \$375 per quarter), which could cause the effective Program Fee (expressed as a percentage) to be greater than the fee rates shown above. The Disclosure Document for each Program contains important information regarding conflicts of interest, compensation, risks, potential benefits, and other information that prospective investors should review and considered.

Under the programs available through First Clearing a wrap fee is charged for BHKS's consulting and BHKS's or its agent's brokerage services, as well as the services of any advisor hired to provide portfolio advice and administrative services to the particular account.

Network clients have the choice of compensating BHKS in one of two ways for Network services: (1) payment for execution services, including brokerage commissions on agency trades or markups or markdowns on principal transactions, with no separate charge for Network services (Execution Schedule) or (2) payment of a fee for both Network services and execution services, with no separate charge being imposed by us for brokerage commissions on agency trades or markups or markdowns on principal transactions, except mutual fund purchases, if any (Fee Schedule). Also in connection with the Fee Schedule option, certain clients may determine to liquidate their portfolios in a separate account and incur commission charges before transfer of assets into the Network account; such assets would be subject to the fees described in addition to the commissions. Certain advisory affiliates of First Clearing may serve as Network Program advisers.

Commissions or fees charged to client accounts under the programs available through First Clearing may be higher than those otherwise available if the services were provided separately for a discrete fee, or if an investment advisor were to select brokerage and negotiate commissions in the absence of the extra consulting service provided.

As a shareholder of a money market fund or mutual fund, in addition to fees paid by a client to BHKS under a program, the client will bear a proportionate share of the fund's expenses, including the investment management fees that are paid to the fund's investment adviser, and will bear any other charges levied by a fund (e.g., redemption fees). For more information about fund expenses, see the fund's prospectus. Wrap fees also do not include fees related to adoption, maintenance, and closure of retirement accounts. A description of these and other expenses are available in each fund's prospectus.



The wrap program may cost the client more or less than purchasing such services separately and will depend on the trading activity in the client's account. The cost of non-wrapped investment advisory services is lower than investment advisory services provided under the wrap program. Because BHKS may receive more compensation from a client from the client's participation in the Program than if the client received advisory services and brokerage services separately, BHKS has a financial incentive to recommend the Program to clients over other types of advisory services. BHKS may give advice to others that is different from the advice given to Program clients. Clients should consider the value of the additional consulting services when making such comparisons. The combination of custodial, consulting, and brokerage services may not be available separately or may require multiple accounts, documentation, and fees. In addition, certain advisors may not be available to certain clients outside the consulting relationship because of minimum account sizes, fee schedules, geographic availability, or other factors. A non-wrapped pricing arrangement is more cost effective for accounts that do not experience frequent trading activity.

## **II. BHK Retirement Plan Consulting Services Fees**

Fees for BHK Retirement Plan Consulting are charged at a rate of 1.0% or lower. Fees are negotiable and vary depending on the services to be provided, size of the Plan, the number of Plan participants and/or the number of Plan investment options. Fees may be based on a percentage of assets or charged as a fixed annual fee. All fees are to be paid quarterly in advance of service.

The initial fee payment is due in full on the date the client's account is accepted and opened by BHKS (the "Opening Date") and will be based on the asset value of the account on that date. The initial fee will be for a full quarter and will not be prorated. Thereafter, the quarterly fee is based on the Program account asset value on the last day of the previous calendar quarter and is payable quarterly in advance of service.

### **General Fee Information**

All fees are subject to negotiation. When negotiating fees, factors considered, but not limited to, include: (i) clients with multiple accounts; (ii) size of the account; (iii) a prior or existing relationship; and (iv) a client's particular needs or financial characteristics. Due to the fact that fee schedules may change, clients with existing accounts may be charged fees which do not match precisely the foregoing fee schedules.

In addition to our fee, you may be required to pay other charges depending on investments made. Such fees include: custodial fees; brokerage commissions; transaction fees; internal fees and expenses charged by mutual funds or exchange traded funds ("ETFs"); costs associated with any dealer markups and odd lot differentials, transfer taxes, exchange fees mandated by the Securities Exchange Act of 1934 and other charges imposed by law with regard to any account transactions; offering discounts; IRA fees; redemption fees; and other fees and taxes on brokerage accounts and securities transactions. None of these fees are paid to or are shared with BHK.

BHKS shares in revenue of certain fees that are paid to the Custodian. Such fees include margin interest paid on debit accounts and platform fees charged on accounts in the Personalized UMA Program. This provides an incentive to recommend these services through First Clearing.

Generally, BHKS purchases no-load mutual funds which do not generate sales charges. Load and no-load mutual funds typically pay distribution charges, sometimes referred to as 12b-1 fees. 12b-1 fees come from fund assets, therefore, indirectly from client assets. These fee arrangements will be disclosed upon request of a client and are available in the applicable fund's prospectus. 12b-1 fees are initially paid to

BHKS and a portion passed to Advisory Representatives. The receipt of such fees represents an incentive for Advisory Representatives to recommend funds with 12b-1 fees over funds that have no fees or lower fees. The mutual funds the Firm recommends typically offer a variety of share classes, including some that do not charge 12b-1 fees and are, therefore, less expensive.

BHKS does not typically recommend mutual funds that charge 12b-1 fees when other share classes are available. However, there are instances in which BHKS would recommend a mutual fund that carries a 12b-1 fee, even when a lower-cost share class is available for the same fund. For example, a lower class share may not be available to BHKS due to investment minimums. In other cases, mutual funds charging 12b-1 fees are transferred into BHKS. Therefore, certain clients of BHKS may continue to hold mutual fund positions that carry 12b-1 fees, instead of selling the fund and buying a lower-cost share, which could result in a tax liability. When recommending a particular mutual fund share classes, the different available share classes are compared and reviewed along with the anticipated investment timeframe, potential tax consequences, future anticipated transactions and other costs to determine the best selection for the client at that time.

The Program wrap fee does not include: (i) annual account fees or other administrative fees, such as wire fees, charged by First Clearing (ii) certain odd-lot differentials, transfer taxes, transaction fees mandated by the Securities Act of 1934, postage and handling fees, and charges imposed by law with regard to transactions in the client's account; and (iii) advisory fees, expenses or sales charges (loads) of mutual funds (including money market funds), closed-end investment companies or other managed investments, if any, held in client's account.

BHKS receives compensation from the custodian based on the value of credit balances in the accounts. If cash is swept into a money market fund, BHKS receives compensation based on the value of assets in these funds as broker-dealer. Thus, BHKS has an incentive to recommend that clients select money market funds as a sweep vehicle that pays more compensation to BHKS than other funds.

#### **Account Termination**

If the ADV disclosure document was not delivered to the client at least 48 hours prior to the client entering into any written or oral advisory contract with this investment adviser, then the client has the right to terminate the contract without penalty within five business days after entering into the contract. For the purposes of this provision, a contract is considered entered into when all parties to the contract have signed the contract, or in the case of an oral contract otherwise signified their acceptance, any other provisions of this contract notwithstanding.

Upon termination, all securities and cash positions will remain intact; absent any liquidation orders. If specific liquidation orders are received, BHKS and its agent will, in an orderly and efficient manner, proceed with liquidation of the client's account. There will not be a charge by us for such redemption; however, the client should be aware that certain mutual funds impose redemption fees as stated in each company's fund prospectus in certain circumstances. Clients must keep in mind that the decision to liquidate securities or mutual funds may result in tax consequences that should be discussed with the client's tax advisor.

Client should refer to the respective program ADV disclosure document for program details. Factors that could affect the orderly and efficient manner would be size and types of issues, liquidity of the markets, and market makers' abilities. Should the necessary securities' markets be unavailable and trading suspended, efforts to trade will be done as soon as possible following their reopening. Due to the

administrative processing time needed to terminate client's investment advisory service and communicate the instructions to client's investment advisor, termination orders received from clients are not market orders; it may take several business days under normal market conditions to process client's request. During this time, client's account is subject to market risk. BHKS and its agent are not responsible for market fluctuations of the client's account from time of written notice until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner.

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

BHKS does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

#### **Item 7 – Types of Clients**

BHKS provides portfolio management services to individuals, corporations and business entities, pension and profit-sharing plans, charitable institutions, foundations, endowments, estates and trusts.

See the Program Disclosure Documents for more information about the Program fees and information regarding minimum account sizes. The minimum account size may be different for IRA accounts. Under certain limited circumstances, the minimum may be waived. The client should refer to the respective managers Disclosure Document, as appropriate, to determine the minimum and maximum account sizes permitted.

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

The investment strategy begins with an understanding of a client's financial goals. Advisors use demographic and financial information provided by the client to assess the client's risk profile and investment objectives in determining an appropriate plan for the client's assets. Investment strategies ordinarily include long- or short-term purchases of stock portfolios, mutual funds and fixed income securities.

When a First Clearing portfolio manager or other third-party investment manager is used as part of the Personalized UMA Program, the Manager will employ similar methods of analysis that are described to clients both by First Clearing and in each such advisor's Disclosure Document. The Program advisors each employ a variety of investment strategies depending on the client and the client's objectives. Such strategies ordinarily include long or short-term purchase of securities and, depending on the client objectives and advisor's style, supplemental covered option writing. However, in special circumstances the strategies could also include margin transactions, other option or trading strategies or short-sale transactions.

Investment decisions for clients in the *Wells Fargo COMPASS* strategy are derived from disciplined model portfolios based on established guidelines as modified to satisfy the individual investment objectives and needs of each client.

Investment recommendations for *FundSource* and Pathways clients are based on an analysis of the client's individual needs, and are drawn from research and analysis BHKS believes reliable.

The programs may include investments in exchange listed securities; over the counter and foreign securities; rights and warrants; corporate, municipal and U.S. Government debt securities; securities options and futures; partnership interests involving real estate and oil and gas investments; real estate

investment trusts (“REITS”); mortgage backed securities; certificates of deposit; commodities and related option and futures contracts, including financial futures; commercial paper; variable annuities; money market funds, exchange-traded fund shares; closed-end mutual fund shares; certain wrap class alternative investments, such as hedge funds and managed futures funds; and mutual fund shares from Wells Fargo Clearing Services, LLC’s Allowable List. This Allowable List includes only open-end mutual funds that offer shares at net asset value through advisory programs, such as those described in its document. Some of the funds may be advised by, or otherwise affiliated with, First Clearing.

It is important to note that investing in securities involves certain risks that are borne by the investor. For any risks associated with Investment Company products, please refer to the prospectuses for additional details about these risks. Our investment approach constantly keeps the risk of loss in mind. These risks include, but are not limited to:

- Interest-rate Risk: Fluctuations in interest rates can cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of a security, bond, or mutual fund 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. For example, political, economic and social conditions may trigger market events.
- 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.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- Business Risk: These risks are 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, a lengthy process, before they can generate a profit. 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.
- 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.
- 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.

#### **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 BHKS or the integrity of BHKS’s management. BHKS has no information applicable to this Item.

#### **Item 10 – Other Financial Industry Activities and Affiliations**

BHK Investment Advisors, LLC is affiliated through common control and is effectively registered as a Registered Investment Adviser. BHKS is owned by a holding company, BHK Holdings, LLC, which also owns

100% of BHKS. Clients of BHKS may also be clients of BHK Investment Advisors, LLC. All clients of BHK Investment Advisors, LLC are delivered a separate disclosure document which contains relevant information and related disclosures. Advisors spend an estimated 20% of their time on these business activities outside of being an Investment Adviser.

BHKS is also registered as an insurance agency. Advisors of BHKS may recommend broker-dealer and/or insurance products when it is deemed to be suitable for the client. For broker-dealer and insurance products and services, BHKS or its registered representatives receive compensation. Commissions paid to BHKS may be higher or lower than those paid to other brokers.

Clients are reminded that such services are not offered as part of the advisory service and fees are separate and distinct from advisory fees. Advisory clients are under no obligation to purchase any broker/dealer or insurance products. As a broker/dealer, trade errors occur on occasion and may result in profit or loss to the firm. The firm has controls in place to limit such trade errors. Individual Advisers will not participate in any profits resulting from such errors and the Chief Compliance Officer will review a trade error log to ensure that no conflicts and/or patterns exist.

From time to time, associated persons of the Adviser may recommend that clients buy or sell securities or investment products that the Adviser also owns. In such circumstances, the Adviser shall adhere to the Code of Ethics.

#### **Item 11 – Code of Ethics**

BHKS has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at BHKS must acknowledge the terms of the Code of Ethics annually, or as amended.

Advisors of BHKS may buy or sell securities that are recommended to clients. BHKS's employees and persons associated with BHKS are required to follow the Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of BHKS and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for BHKS's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of BHKS will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of BHKS's clients. In addition, the Code requires pre-approval of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between BHKS and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with BHKS's obligation of best execution. In such circumstances, the affiliated and client

accounts will share commission costs equally and receive securities at a total average price. BHKS will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

BHKS's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting James Bailey Knight or Meredyth Roberts Hazzard at our main number.

### **Item 12 – Brokerage Practices**

BHKS requires BHK Investment Advisory clients to establish brokerage accounts with First Clearing. First Clearing carries your account and acts as your custodian for funds and securities deposited directly by you, through BHKS, or as a result of transactions it processes for your account. Although BHKS recommends that clients establish accounts with First Clearing, it is the client's decision. BHKS is independently owned and operated and not affiliated with First Clearing. When selecting a custodian to recommend, a number of factors were considered, including the firm's historical relationship with BHKS, financial strength, reputation, execution capabilities, pricing and services offered.

For BHKS client accounts maintained in its custody, First Clearing generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through First Clearing or that settle into First Clearing accounts. First Clearing makes products and services available to BHKS that benefit BHKS but may not directly benefit its clients' accounts. Many of these products and services are used to service all or a substantial number of BHKS accounts. Some of these products and services provided by First Clearing includes software and other technology that (i) provides access to client account data (such as trade confirmations and account statements); (ii) facilitates trade execution and allocates aggregated trade orders for multiple client accounts; (iii) provides pricing, charts and other market data; (iv) facilitates payment of BHKS fees from its clients' accounts; and (v) assists with back-office functions, recordkeeping and client reporting.

BHKS will allow Retirement Plan Consulting clients to select the broker-dealer to execute transactions. In this case, each client selects a broker-dealer based on factors important to them. Clients will negotiate the terms and arrangements with their broker-dealer of choice, and transactions are directed to the specified broker-dealer. By directing brokerage, BHKS may not be able to achieve the most favorable execution of client transactions and this practice may cost clients more money.

It is the practice of BHKS, its agent, or the third-party investment advisors, when feasible, to aggregate for execution as a single transaction orders for the purchase or sale of a particular security for the accounts of several Program Clients, in order to seek a lower commission or more advantageous net price. The benefit, if any, obtained as a result of such aggregation is generally allocated on a pro rata basis among the accounts of clients that participated in the aggregated transaction in accordance with procedures adopted by BHKS.

### **Item 13 – Review of Accounts**

BHKS provides its investment consulting clients with periodic reports of relevant activity. In addition to the portfolio monitor service report as described herein, BHKS, through First Clearing or its agent, will transmit to clients (and where appropriate to the applicable investment advisor) the following reports:

- trade confirmations reflecting all transactions in securities; provided, however, that periodic statements of account activity may be furnished in lieu of transaction by transaction confirmations to the extent and in the manner permitted by Rule 10b-10 under the Exchange Act; and
- a statement of account activity at least quarterly.

Accounts are assigned to investment advisors who are responsible for performing periodic reviews of the account and consult with the respective client of the account. Following these reviews, reports are prepared to assist principals in supervising and monitoring the account. Factors that are considered include, but are not limited to the following: investment objectives, targeted allocation, current allocation, suitability, performance, number of trades, monthly distributions, concentrated positions, diversification, and outside holdings.

Not less than annually, the firm will contact the client and request current information to determine whether there have been any changes in the information provided in the questionnaire. Client agrees to inform the firm in writing of any material changes in the information included in the questionnaire or otherwise the client's financial circumstances that might affect the manner in which client's assets should be invested. Client may contact the firm during normal business hours to consult with the firm concerning the management of the client's account(s).

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

BHKS does not receive an economic benefit by anyone other than the client for providing investment advice and other advisory services. BHKS does not compensate for client referrals.

#### **Item 15 – Custody**

First Clearing carries your account and acts as your custodian for funds and securities deposited directly by you, through BHKS or as a result of transactions it processes for your account. Clients should receive statements at least quarterly from First Clearing. BHKS urges you to carefully review such statements and compare the official custodial records to the account statements that we may provide you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### **Item 16 – Investment Discretion**

BHKS offers both discretionary and non-discretionary investment advice. When the client chooses to grant investment discretion to the Adviser, the Adviser will have authority to supervise and direct the investments of and for the client's account(s) without prior consultation with the client. Pursuant to this discretionary authority, the Adviser will determine which securities are bought and sold for the account and the total amount of such purchases and sales. The Adviser will make investment decisions for client accounts in accordance with the investment objectives, risk tolerance, investment time horizon, and any investment policies, guidelines, or reasonable restrictions imposed by the client in writing, and to which the Adviser agrees. Pursuant to the client's instruction, client money/cash may be invested in a money market mutual fund managed by their custodian, who charges a fee. Clients should contact their custodian for more information about this investment of their cash.

Each client has the ability to impose reasonable restrictions on the management of his/her account, including the designation of particular securities or types of securities that should not be purchased for the account, or that should be sold if held in the account. If a client's instructions are unreasonable or an

IAR believes that the instructions are inappropriate for the client, BHKS will notify the client that, unless the instructions are modified, it will cancel the instructions in the client's account. A client will not be able to provide instructions that prohibit or restrict the Investment Adviser of an open-end or closed-end mutual fund or ETF with respect to the purchase or sale of specific securities or types of securities within the fund.

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

BHKS does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive their proxies or other solicitations directly from their custodian or transfer agent. Clients should contact their IAR if they have any questions and/or to obtain this information. Please refer to the respective investment manager's Form ADV for a full disclosure of its proxy voting policies and procedures.

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

Registered Investment Advisers are required to provide you with certain financial information or disclosures about BHKS's financial condition. BHKS has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of any bankruptcy proceeding.

### **Privacy Policy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any non-public personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to non-public personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your non-public personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Contact our main office at (205) 322-2025. if you have any questions regarding this policy.