

**Item 1: Cover Page**

**BEACON INVESTMENT ADVISORY SERVICES, INC.**  
**Part 2A of Form ADV**  
**The Brochure**

**March 29, 2023**

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This Brochure provides information about the qualifications and business practices of Beacon Investment Advisory Services, Inc. (hereinafter “BIAS,” “Beacon Trust,” or the “Firm”). If you have any questions about the contents of this Brochure, please contact BIAS at this telephone number listed above. 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. Additional information about BIAS is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Any reference to BIAS as a “registered investment adviser” or as being “registered,” does not imply a certain level of skill or training.

## **Item 2. Material Changes**

This Brochure is an update of the Part 2A of Form ADV Brochure submitted by BIAS in July 2022. BIAS' business activities have not changed materially since the time of the previous annual update of the Brochure in March 2022. We encourage all recipients to read this Brochure carefully in its entirety.

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## Item 4. Advisory Business

Beacon Investment Advisory Services, Inc. (“BIAS” or “Beacon Trust”) has been in business as a registered investment adviser since April 2015. BIAS does business under the name, Beacon Trust. Beacon Trust is owned by Beacon Trust Company which is a New Jersey limited purpose trust company. Beacon Trust Company is owned by Provident Bank which is owned by Provident Financial Services, Inc. a publicly traded company (NYSE: PFS). The firm seeks to guide its clients through the lifecycle of wealth creation, wealth management, and intergenerational wealth transfer.

Beacon Trust provides financial planning, tax preparation, and asset management services to its clients. Prior to engaging Beacon Trust to provide any investment advisory services, the client is required to enter into one or more written agreements with Beacon Trust setting forth the terms and conditions under which Beacon Trust renders its services (collectively the “Agreement”).

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. Some aspects of the rule are included throughout this document.

In addition, 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, 2022, Beacon Trust managed approximately \$3.4 billion of regulatory assets under management on a discretionary basis.

This Disclosure Brochure describes the business of Beacon Trust. Certain sections will also describe the activities of Supervised Persons. Supervised Persons are any of Beacon Trust’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Beacon Trust’s behalf and is subject to Beacon Trust’s supervision or control.

### **Financial Planning and Tax Preparation**

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Beacon Trust may provide its clients with a broad range of comprehensive financial planning tax related services. Beacon Trust works to lead each of its clients through the firm's holistic planning process in an organized series of steps. Specific disciplines addressed in the planning process include:

- Family governance
- Compensation and benefits
- Income tax minimization
- Cash flow planning
- Net worth analysis
- Education/goal planning
- Long-term retirement planning
- Estate planning
- Charitable giving
- Risk exposure analysis & management
- Asset allocation planning
- Portfolio design

In performing its services, Beacon Trust is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Beacon Trust may recommend the products and services of itself and/or other professionals to implement its recommendations. *Clients are advised that a conflict of interest exists if Beacon Trust recommends its own products and/or services, for which the client may pay more or less compared to other non-affiliated products and services.* As described further in this brochure, Beacon Trust may recommend products or services of its affiliate Beacon Trust Company. However, the client is under no obligation to act upon any of the recommendations made by Beacon Trust under a financial planning or consulting engagement or to engage the services of any such recommended professional, including Beacon Trust itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Beacon Trust's recommendations. Clients are advised that it remains their responsibility to promptly notify Beacon Trust if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Beacon Trust's previous recommendations and/or services.

#### **Investment and Wealth Management Services**

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Clients can engage Beacon Trust to manage all or a portion of their assets on a discretionary basis. As detailed in Item 8, Beacon Trust allocates clients' investment management assets in both in-house equity and fixed income strategies, as well as with Independent Managers (as defined below), mutual funds (including Beacon Trust managed funds), exchange-traded funds ("ETFs"), individual debt and equity securities, options, investment limited partnerships, or other investments in accordance with the objectives of the client. If appropriate, Beacon Trust may provide advice about any type of investment held in clients' portfolios.

Beacon Trust will, on occasion, render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, Beacon Trust either directs or recommends the allocation of client assets among the various investment options that are available. Client assets are maintained at the specific insurance company or custodian designated by the service.

Beacon Trust tailors its advisory services to the individual needs of clients. Beacon Trust consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. Beacon Trust ensures that clients' investments are suitable for their investment needs, goals, objectives, and risk tolerance. *This would include ensuring clients are invested in the most advantageous mutual fund share class, at the time of investment, as well as at the time which client assets may be transferred to Beacon Trust, and on an ongoing basis.* At times, a more advantageous share may exist, however, the client may not be eligible for inclusion, due to the size of investment or mutual fund company contractual agreements with Beacon Trust.

Clients are advised to promptly notify Beacon Trust if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Beacon Trust's

management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in Beacon Trust's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts. If it is determined that it has a material impact, Beacon Trust will work with the client to tailor the desired restriction into the investment management services. However, there are times that Beacon Trust cannot accommodate the client intention, and an account will not be opened.

### Use of Independent Managers

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As mentioned above, Beacon Trust recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("Independent Managers"), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the Independent Managers are set forth in a separate written agreement between Beacon Trust or the client and the designated Independent Managers. Beacon Trust renders services to the client relative to the discretionary selection of Independent Managers. Beacon Trust also monitors and reviews the account performance and the client's investment objectives. **Beacon Trust receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated Independent Managers.**

When selecting an Independent Manager for a client, Beacon Trust reviews information about the Independent Manager such as its disclosure brochure and/or material supplied by the Independent Manager or independent third parties for a description of the Independent Manager's investment strategies, past performance and risk results to the extent available. Factors that Beacon Trust considers in recommending an Independent Manager include the client's stated investment objectives, as well as the manager's management style, performance, reputation, financial strength, reporting, pricing, and Beacon's research of the manager. **The investment management fees charged by the designated Independent Managers, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, Beacon Trust's investment advisory fee set forth above. As discussed above, the client may incur additional fees separate from those charged by Beacon Trust, the designated Independent Managers, and corresponding broker-dealer and custodian.**

In addition to Beacon Trust's written disclosure brochure, the client also receives the written disclosure brochure of the designated Independent Managers. Certain Independent Managers may impose more restrictive account requirements and varying billing practices than Beacon Trust.

### Management of the Mutual Funds

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#### Beacon Accelerated Return Strategy Fund

The Fund's investment objectives are capital appreciation and alpha generation. The Fund aims to achieve its investment objective of capital appreciation by investing in call options that replicate the returns of the

broad U.S. equity indices. The Fund aims to achieve its investment objective of alpha generation by purchasing and selling call options on U.S. equity indices to enhance the returns and generate premium income. The Fund aims to achieve its investment objective through the systematic purchase of rolling investments or “tranches”. Each tranche is made up of long and short options traded on the performance of a broad market index. Index exposure may be gained through the use of additional options, a basket of securities, exchange traded funds (“ETFs”) or other means.

### **Beacon Planned Return Strategy Fund**

The Fund’s investment objectives are capital preservation and capital appreciation. The Fund aims to achieve its investment objective of capital preservation by purchasing put options against the U.S. equity indices. The Fund aims to achieve its investment objective of capital appreciation by purchasing call options on U.S. equity indices and collecting premium income from selling call and put options against the U.S. equity indices. The Fund aims to achieve its investment objective through the systematic purchase of rolling investments or “tranches”. Each tranche is made up of long and short options traded on the performance of a broad market index. Index exposure may be gained through the use of additional options, a basket of securities, ETFs, or other means.

**You may pay more in fees if you are invested in the Beacon Funds than if invested in other funds available through the Wrap Program.**

All clients are invested in the most advantageous share class available in both funds. This creates a conflict of interest since we have a financial incentive to recommend the Beacon Funds to you.

The Funds are registered under the Investment Company Act of 1940 and the interests of which are registered pursuant to the Securities Act of 1933.

### **Wrap Program**

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Beacon Trust offers the Beacon Trust wrap program (“Wrap Program”) through Schwab Advisor Services division of Charles Schwab & Co., Inc. (“Schwab”), a registered broker-dealer, member SIPC, as described below. Beacon Trust offers the Wrap Program, if deemed appropriate, to interested prospects and advisory clients. Beacon Trust is the sponsor of the Wrap Program and the party responsible for marketing it. Generally, the clients in the Wrap Program include high net worth individuals and trusts. The fees for the program are listed later in the document. ***Beacon Trust does not offer different tiers of fees for these accounts.*** If a client wants an account that is non-discretionary, that can be accommodated, if reasonable to the firm, and suitable to the client, at a different fee structure.

The description of the Wrap Program herein is a summary and a copy of the Beacon Trust wrap fee brochure (Form ADV Part 2A Appendix 1) is available to clients upon request without charge.

The Beacon Trust portfolio management group pursues investment strategies as follows:

The Core Strategy portfolio seeks to provide long-term capital appreciation by investing in the common



stock of companies that have compelling financial characteristics and disruptive catalysis to drive growth. The strategy focuses on companies with above-average return on invested capital (ROIC), free cash flow margins, and revenue growth. Valuation measures such as the price/earnings ratio relative to the strategy's benchmark, the S&P 500, are considered but are not a driving factor in the management of the strategy. Core's managers are financial analysts that use quantitative screens and a qualitative review to select companies that have the potential to compound their capital value at an above-average rate over a five year period, without incurring above average risk.

The 'Income and Appreciation' portfolio is comprised of highly rated stocks according to Beacon Trust's multifactor models. A blend of growth and value, the portfolio holds about 40 stocks with a minimum capitalization of \$2 billion. There is an emphasis to generate a dividend yield significantly higher than the S&P 500. The Income and Appreciation portfolio is actively managed with constant portfolio manager oversight, risk management and a process-driven trading strategy. It includes: current income, capital appreciation and total return. In stock selection, the portfolio tries to be cognizant of portfolio risk characteristics.

The 'FIRM', an acronym for Factor Information Return Model, utilizes factors in the portfolio construction process. Factors are underlying exposures that explain and drive stock returns. The factor approach provides opportunity to replicate the best parts of the market, can provide diversification, avoids overexposure to growth and large-cap biases, and avoids poorly compensated risks. It utilizes three transparent factors that have historically driven above-average stock returns: Quality: Low volatility in earnings per share (EPS) and low debt to equity; Valuation: Low price to earnings (P/E) ratio; and Size: Small market capitalization. The portfolio is constructed from the S&P 500 universe by ranking the aforementioned factors independently utilizing a screening process. The monthly reconstitution process replaces stocks falling short of the factor standards with higher ranking stocks in each quartile. The process is predominantly quantitative, thereby reducing fundamental judgments and portfolio manager biases in stock selection.

The 'HI-DIV' portfolio recognizes the historical importance of dividends within the total return compounding process. It holds high quality companies that we believe are committed to appropriate capital deployment activities, including competitive dividend payouts to shareholders. Holdings will have one of the following three attributes: above average current dividend yield; attractive dividend growth potential; or prospective dividend growth in excess of market expectations. The strategy maintains a long term time horizon which generally results in low portfolio turnover.

The Strategic Opportunities portfolio has the goal of superior risk-adjusted capital growth over multiyear cycles. It invests in small, mid and large cap companies with pre-defined characteristics. The portfolio could have approximately 30-40 stocks, however that could change based on market conditions.

In addition, Beacon Trust constructs household level portfolios of mutual funds, ETFs, managed accounts, hedge funds and other private investments for its clients.

The ETF portfolios process was developed by our investment committee based upon the principals of behavioral finance. The result is a portfolio that is specifically matched to a client's risk tolerance. Beacon

Trust does this by optimizing the portfolio based upon the expected return, volatility and correlation of the underlying components. Beacon Trust considers the following factors rooted in behavioral finance when determining a client's economic and emotional risk tolerances:

1. Investment objective
2. Portfolio risk definition
3. Reaction to levels of loss
4. The risk/return trade off
5. Potential losses vs. potential gains
6. Anxiety of losses vs. the satisfaction of gains
7. Investment performance time horizon
8. Stability of Returns
9. Personal goals vs. benchmark comparison
10. Spending or gifting levels

**Conservative Model:** tends to hold a larger percentage of fixed income assets compared to equity and alternative assets;

**Balanced Model:** tends to hold similar amounts of equity and fixed income assets, although this may change depending on our macroeconomic outlook;

**Aggressive Model:** tends to hold a larger percentage of equity assets compared to fixed income and alternative assets.

Additionally, Beacon Trust's fixed income strategies invest individual client portfolios using direct ownership of bonds and other fixed income securities in an individual account, allowing for customized restrictions and tax management. Beacon Trust's philosophy in trading fixed income for our clients is to avoid risk at all costs, finding safety in big names with high credit quality.

**Taxable Fixed Income:** Beacon Trust focuses on active portfolio management in an effort to construct and manage limited duration, high quality taxable portfolios, while seeking to produce income while preserving principal. Portfolios are managed in a separate account for full transparency and income predictability. The team analyzes the interest rate forecast for 12-24 months and attempts to determine the optimal point on the yield curve for mature structure, and then identifies attractive sectors within the taxable marketplace, and then opportunistically trade in the marketplace to purchase bonds at institutional levels.

**Tax Exempt Fixed Income:** Beacon Trust focuses on active portfolio management in an effort to construct and manage limited duration, high quality tax-exempt portfolios, while seeking to maximize after-tax income while preserving principal. Portfolios are managed in a separate account for full transparency and income predictability. The team analyzes the interest rate forecast for 12-24 months and attempts to determine the optimal point on the yield curve for mature structure, and then identifies attractive sectors within the tax-exempt marketplace, and then opportunistically trade in the marketplace to purchase bonds at institutional levels.

Clients may elect to pursue these strategies through the Wrap Program, under which clients will pay a single fee (i.e., wrap fee) to Beacon Trust, and Beacon Trust will then be responsible for all brokerage expenses. By enrolling in the Wrap Program, clients are choosing the brokerage services of Schwab. Assets placed in the Wrap Program are managed on a fully discretionary basis by Beacon Trust.

### ***Review & Reports of Account***

Beacon Trust's Wrap Fee Program accounts will be formally reviewed at least annually, in addition to the regular contact with clients for investment discussions specific to account needs and services, to determine that the account holdings are consistent with the investor profile, investment restrictions and risk objectives. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, the market, and political or economic environment. Program clients will receive account statements, at least quarterly, and transaction confirmations directly from their custodians. Beacon Trust may arrange for periodic performance reports to be delivered to the client or made available to the client in other electronic forms. This would include a review of positions transferred in-kind from other financial institutions. You should ensure that you compare these reports to those sent out by the custodian.

### **401k Plan Advisory**

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At times, Beacon Trust may enter into an agreement to provide advice to the individual participants of 401k plans. This has no impact on the work done in relation to your account. The advice given is specific to the plan itself and only affects those participants in the plan under contract. This advice does not involve specific security or portfolio selection, therefore no conflict should exist.

## **Item 5. Fees and Compensation**

Beacon Trust offers its services on a fee basis, which may include fixed fees, as well as fees based upon assets under management.

### **Financial Planning and Tax Preparation Fees**

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Beacon Trust may charge a fixed fee for financial planning and tax preparation. These fees are negotiable, but generally range from \$5,000 to \$15,000 on a fixed fee basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. For Clients with less than \$1,000,000 of AUM, the financial planning fee component will be equal to the difference between the AUM Fee and \$5,000. The financial planning fee component will be waived for Clients whose AUM is in excess of \$1,000,000. There is a separate charge for tax preparation services.

**Investment Management Fees**

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Beacon Trust provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by Beacon Trust. Beacon Trust's annual fee does not cover certain fees and costs imposed by the custodian which MAY apply to the account. These additional costs could include among other things: other broker-dealer fees, mutual fund fees, markup & markdown, bid-ask spreads etc., margin interest, account activity fees and miscellaneous fees & costs, if applicable. Beacon Trust does not, however, receive any portion of these commissions, fees, and costs, if applied; they are paid directly to the custodian. Beacon Trust's fee is charged monthly, in arrears, based upon the average daily market value of the assets being managed by Beacon Trust during the previous month. The annual fee varies up to 1.25%, (less for accounts originated through TLF, yet charged in advance, and 1.50% for Special Needs Trusts) depending upon the market value of the assets under management and the type of investment management services to be rendered. (This annual fee could be 2.50% for accounts below the stated account minimum.) In addition, trusts in the state of New Jersey require additional fees to be paid by the trust, based on the trust itself. Beacon Trust's service may be terminated by either party upon written notification in accordance with the applicable contractual notice of termination. Upon termination, the fees charged for advisory services will be pro-rated and a refund for any unearned fees will be issued.

Certain supervised persons of Beacon Trust accept compensation for the referral of a new client or account, and/or the sale of investment products including mutual funds sponsored by Beacon Trust. Such compensation includes a percentage of advisory fees, which could be the result of the sale of mutual funds, some of which may be sponsored by Beacon Trust. This practice presents a conflict of interest as Beacon Trust may be incentivized to recommend investment products based on the fees received, rather than on a client's needs. Beacon Trust mitigates such conflicts through disclosure of this arrangement in this brochure and in other disclosure documents provided at the onset of our relationship with prospective clients. Clients have the option to purchase certain investment products that Beacon Trust recommends through other brokers or agents that are not affiliated with Beacon Trust.

**Fee Discretion**

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Beacon Trust may, in its sole discretion, negotiate to charge a lesser fee with clients based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts (households), account composition, pre-existing/legacy client relationship, account retention, vendor or business relationships and pro bono activities.

**Wrap Program Fees**

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The fee schedule for the Wrap Program is set forth below, however each month fees are payable by the client in the middle of each month. The wrap fee is computed on the last day of the month, based on the average daily market value of each of the securities in the account during the prior month, and as follows.

A) For Beacon Trust Wrap Fee Program clients the following fee schedule applies:

1.25%	for the first	\$2,000,000	
1.00%	for	\$2,000,001	to \$5,000,000
0.90%	for	\$5,000,001	to \$10,000,000
0.75%	for	\$10,000,001	to \$15,000,000
	Negotiated for	\$15,000,001	and above

## Fixed Income

0.65%	for the first	\$3,000,000	
0.55%	for	\$3,000,000	and above

## Special Needs Trusts

1.50%	for the first	\$3,000,000	
1.00%	for	\$3,000,001	to \$5,000,000
0.50%	for	\$5,000,001	and above

- B) The total amount paid using this schedule may be more or less than the amount charged by Beacon Trust if implemented differently.
- C) Fees are subject to negotiation in certain cases.
- D) 100% of the wrap fee is paid to Beacon Trust, which then pays any brokerage charges incurred by the client. Brokerage charges can vary widely from period to period and client to client based on market events, contributions and withdrawals by a client.

Beacon Trust mutual funds are charged at a flat 1% regardless of the agreed upon fee schedule for the rest of the client's AUM, and this *could* present a conflict of interest as it *could* result in more revenue to Beacon Trust or it could result in less because it is technically lower than our stated 1.25% fee). Beacon mutual funds are excluded from the assets under management balance when calculating the client's asset management fee.

- E) For accounts that were managed by TLFI prior to its acquisition by BIAS, TLFI charges clients a monthly advisory fee, payable in advance at mid-month in the month that services are provided. The fee for each month is annualized at 1.00%, and is based on the average daily market of the total assets being managed by TLFI for the prior month, with a minimum quarterly fee of \$250.

### Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), Beacon Trust generally recommends that clients utilize the brokerage and clearing services of Schwab for wrap fee accounts and/or Fidelity Institutional Wealth Services ("Fidelity") for a certain limited number of investment management accounts.

Beacon Trust may only implement its investment management recommendations after the client has arranged for and furnished Beacon Trust with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, Schwab, Fidelity, any other broker-dealer recommended by Beacon Trust, a broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "Financial Institutions").

Clients may incur certain charges imposed by the Financial Institutions and other third parties such as fees

charged by Independent Managers (as defined below), custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. **Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Beacon Trust's fee.**

The Beacon Trust Services Agreement and the separate agreement with any Financial Institutions may authorize Beacon Trust or Independent Managers to debit the client's account for the amount of Beacon Trust's fee and to directly remit that management fee to Beacon Trust or the Independent Managers. Any Financial Institutions recommended by Beacon Trust have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Beacon Trust. Alternatively, clients may elect to have Beacon Trust send an invoice for payment.

#### **Additional Information Relating to Fees**

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For the initial period of investment management services, fees are strictly based on the average daily balance of the account, beginning the first day that assets are transferred to the Beacon Trust account, or the first day that Beacon Trust is linked to the account as investment manager, whichever comes first. The Agreement between Beacon Trust and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. Clients may make additions to and withdrawals from their account at any time, subject to Beacon Trust's right to terminate an account that falls below its minimum portfolio size. Additions may be in cash or securities provided that Beacon Trust reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Beacon Trust, subject to the usual and customary securities settlement procedures. However, Beacon Trust designs its portfolios as long-term investments and the withdrawal of assets may impair the ability to meet a client's investment objectives. Beacon Trust may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to market valuation and may be subject to transaction fees, fees assessed at the mutual fund level (i.e., contingent deferred sales charge) and/or tax ramifications.

### **Item 6. Performance-Based Fees and Side-by-Side Management**

Beacon Trust does not provide any services for a performance-based fee (i.e., a fee based upon capital appreciation achieved in an account).

### **Item 7. Types of Clients**

Beacon Trust generally provides its services to individuals. However, Beacon Trust may also provide advice to pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

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**Minimum Account Size**

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As a condition for starting and maintaining a relationship, Beacon Trust generally imposes a minimum portfolio size of \$500,000. Beacon Trust, in its sole discretion, may accept clients with smaller portfolios based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existence of a relationship, account retention, and pro bono activities. Beacon Trust only accepts clients with less than the minimum portfolio size if, in the sole opinion of Beacon Trust, the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance.

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**Minimum Annual Fee**

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When Beacon Trust does waive its minimum portfolio size, the firm generally imposes a minimum annual fee of \$5,000. This minimum fee may have the effect of making Beacon Trust's service impractical for clients with smaller investment portfolios. Beacon Trust, in its sole discretion, may waive its minimum annual fee based upon certain criteria including anticipated future earning capacity, anticipated future additional assets, account composition, related accounts, and pre-existing client relationships.

Additionally, certain Independent Managers may impose more restrictive account requirements and varying billing practices than Beacon Trust.

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

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**Financial Planning, Investment Strategies & Methods of Analysis**

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*Financial Planning*

Beacon Trust may provide its clients with a broad range of comprehensive financial planning and consulting services. Beacon Trust works to lead each of its clients through the firm's holistic planning process in an organized series of steps. Specific disciplines addressed in the planning process include:

- Family governance
- Compensation and benefits
- Income tax minimization
- Cash flow planning
- Net worth analysis

- Education/goal planning
- Long-term retirement planning
- Estate planning
- Charitable giving
- Risk exposure analysis & management
- Asset allocation planning
- Portfolio design
- Portfolio monitoring and reporting

#### *Asset Management*

Clients who engage Beacon Trust for asset management services have a variety of different options. Beacon Trust's portfolio program seeks to provide clients with access to several investment strategies in a variety of asset classes. Beacon Trust's approach aims to maximize the liquidity, transparency, tax efficiency, and adaptability of its portfolios while preserving wealth and delivering attractive return potential. Rather than focus on traditional asset allocation techniques, Beacon Trust diversifies across risk exposures and places risk first in building client portfolios.

Beacon Trust's assessment management process includes an open-architecture investment platform of managers and strategies including but not limited to large, mid and small cap portfolios, as well as exposure to international bond, and high yield securities. Beacon Trust evaluates investment opportunities, and seeks to identify market voids with the goal of developing unique solutions for its clients. Beacon Trust builds portfolios diversified across multiple risk exposures (e.g., equity market risk, credit risk, duration risk, currency risk, global macro risk, liquidity risk, etc.). As Beacon Trust's market outlook changes, it may adapt risk exposure allocations with the goal of ensuring that clients continue to meet their financial goals.

#### *Separate Account Management*

This investment vehicle offers the flexibility of direct security ownership relative to Beacon Trust's efforts to customize strategies for its clients, harvest losses, etc. In addition, Beacon Trust seeks to employ the leverage of an institutional investor to negotiate favorable manager fee rates for its investors.

Beacon Trust may employ these securities to access strategies for smaller allocations or if a given strategy is otherwise unavailable to investors. Mutual funds may also be used for tactical allocations due to the ease of trading funds and the liquidity associated with mutual funds relative to commitments to separately managed accounts or other investment vehicles.

#### *Alternative Investments*

Beacon Trust is also committed to a more client-centric model of alternative investing. If appropriate, Beacon Trust offers access to unaffiliated hedge funds and funds of funds with a special focus on



transparency, liquidity, and low fees. Beacon Trust's goal relative to this allocation is to further diversify portfolios with non-correlated strategies and to reduce overall volatility.

#### *Active Tax Management and Loss Harvesting*

Beacon Trust subscribes to the thinking that it's not what investors earn, but what they keep that is important. For this reason, Beacon Trust strives to be tax aware in its manager selection and portfolio development process. In addition, Beacon Trust may actively harvest losses where opportunities exist in an effort to create tax advantages for clients.

#### *Ongoing Portfolio Monitoring*

Beacon Trust's investment committees continually monitor client portfolios relative to changing circumstances and the achievement of the goals and objectives. Beacon Trust also employs a comprehensive process of quantitative and qualitative due diligence to proactively hire and fire Independent Managers. Beacon Trust does not make rash decisions to fire managers for short periods of underperformance, but Independent Managers not meeting Beacon Trust's expectations will ultimately be replaced.

Please note: the Wrap Fee program is designed to provide all services provided by the firm for one fee, regardless of the volume of trading. This fee does cover all costs imposed from the firm, however, there will be times when Beacon Trust portfolios, and in turn your account, may go through periods of low activity. This in no way indicates your portfolio is not being actively managed as Beacon Trust portfolio managers are constantly reviewing the aspects of the portfolio that impact its management. These periods may give the appearance that the Wrap Program may not be appropriate.

### **Risk of Loss**

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#### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more).

The client will receive a mutual fund prospectus and/or other documents explaining such risks.

#### *Options*

Options allow investors to buy or sell a security at a contracted “strike” price (not necessarily the current market price) at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

#### *Market Risks*

The profitability of a portion of Beacon Trust’s recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Beacon Trust will be able to predict those price movements accurately.

#### *Use of Independent Managers*

Beacon Trust may recommend the use of Independent Managers for certain clients. Beacon Trust will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the Independent Managers ability to successfully implement their investment strategy.

#### *Use of Private Collective Investment Vehicles*

Beacon Trust may recommend certain clients to invest in privately placed collective investment vehicles (some of which may be hedge funds or funds of funds). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

#### *Management Through Similarly Managed Accounts*

For certain clients, Beacon Trust may manage portfolios by allocating portfolio assets among various mutual funds or other securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as “investment strategy”). In so doing, Beacon Trust buys, sells, exchanges and/or transfers shares of mutual funds or other securities based upon the investment strategy.

While Beacon Trust may manage accounts in a similar fashion, Beacon Trust ensures that the management of portfolios complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the investment strategy, with a safe harbor from the definition of an investment company.

The investment strategy may involve a higher portfolio turnover that could negatively impact the net after-tax gain experienced by an individual client. Securities in the investment strategy are usually exchanged and/or transferred without regard to a client’s individual tax ramifications.

Certain investment opportunities that become available to Beacon Trust’s clients may be limited. As further discussed in response to Item 12 (below), Beacon Trust allocates investment opportunities among its clients on a fair and equitable basis.

#### *Cybersecurity Risk*

Beacon Trust and its service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage or interruption from computer viruses, network failures, computer and telecommunications failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. A cybersecurity breach could expose both Beacon Trust and its client accounts to substantial costs (including, without limitation, those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage), civil liability as well as regulatory inquiry and/or action. While Beacon Trust has established a business continuity plan in the event of, and risk management strategies, systems, policies and procedures to seek to prevent, cybersecurity breaches, there are inherent limitations in such plans, strategies, systems, policies and procedures including the possibility that certain risks have not been identified. Furthermore, Beacon Trust cannot control the cybersecurity plans, strategies, systems, policies and procedures put in place by other service providers and/or the issuers in which the clients invest.

#### *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

#### *General Economic and Market Conditions*

The success of the clients' activities is affected by general economic and market conditions such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, currency exchange controls, national and international political circumstances (including wars, terrorist acts or security operations), and pandemics, i.e. Coronavirus. These factors can affect the level and volatility of the prices of securities, commodities, or other financial instruments and the liquidity of the clients' investments. Volatility or illiquidity could impair profitability, or result in losses.

## **Item 9. Disciplinary Information**

Beacon Trust is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Beacon Trust does not have any required disclosures to this Item.

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

Beacon Trust is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons.

### **Affiliated Trust Company**

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Beacon Trust is owned by Beacon Trust Company. Beacon Trust Company is a New Jersey Limited Trust Company, providing full service trust services to clients. There is a conflict of interest where Beacon Trust recommends the services of Beacon Trust Company to clients. Beacon Trust will only make such a recommendation if it is in the best interest of that client.

### **Affiliated Bank**

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Beacon Trust is owned by Provident Bank which provides a full suite of banking solutions to businesses and individuals. There is a conflict of interest where Beacon Trust recommends the services of Provident Bank to clients. Beacon Trust will only make such a recommendation if it is in the best interest of that client.

## **Item 11. Code of Ethics**

Beacon Trust and persons associated with Beacon Trust ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with Beacon Trust's policies and procedures.

Beacon Trust has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("Code of Ethics"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), its Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public

information by Beacon Trust or any of its associated persons. The Code of Ethics also requires that certain of Beacon Trust's personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings. The Chief Compliance Officer does not grant preclearance where it would appear that an employee's trading could disadvantage its clients.

*In addition, all associated persons are subject to DOL's new Fiduciary Advice Exemption: PTE 2020-02*

Clients and prospective clients may contact Beacon Trust to request a copy of its Code of Ethics.

## **Item 12. Brokerage Practices**

Beacon Trust does not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15—Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian.

We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. Conflicts of interest associated with this arrangement are described below as well as in Item 14 -- Client Referrals and Other Compensation. You should consider these conflicts of interest when selecting your custodian.

We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with Schwab, then we may not be able to manage your account. Even though your account is maintained at Schwab, and we anticipate that most trades will be executed through Schwab, we can still use other brokers to execute trades for your account as described below (see "Your brokerage and custody costs").

### **How we select brokers/custodians**

We use Schwab, a custodian/broker, to hold your assets and execute transactions. When considering whether the terms that Schwab provides are, overall, most advantageous to you when compared with other available providers and their services, we take into account a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds, etc.)
- Quality of services

- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, security and stability
- Prior service to us and our clients
- Services delivered or paid for by Schwab
- Availability of other products and services that benefit us, as discussed below (see “Products and services available to us from Schwab”)

### **Your brokerage and custody costs**

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab’s Cash Features Program. This commitment benefits you because the overall fees you pay are lower than they would be otherwise.

We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. Although we are not required to execute all trades through Schwab, we have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How we select brokers/custodians”). By using another broker or dealer you may pay lower transaction costs.

### **Products and services available to us from Schwab**

Schwab Advisor Services™ is Schwab’s business serving independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through us. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts, while others help us manage and grow our business. Schwab’s support services are generally available on an unsolicited basis (we don’t have to request them) and at no charge to us. Following is a more detailed description of Schwab’s support services:

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

**Services that do not directly benefit you.** Schwab also makes available to us other products and services that benefit us but do not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts and operating our firm. In addition, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts

- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

**Services that generally benefit only us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology and business needs
- Consulting on legal and compliance related needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays all or a part of a third party's fees. Schwab also provides us with other benefits, such as occasional business entertainment of our personnel. If you did not maintain your account with Schwab, we would be required to pay for those services from our own resources.

### **Our Interest In Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. Schwab has also agreed to pay for certain technology, research, marketing, and compliance consulting products and services on our behalf once the value of our clients' assets in accounts at Schwab reaches certain thresholds. The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate our recommendation of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/custodians") and not Schwab's services that benefit only us.

Beacon Trust mitigates such conflicts noted above through disclosure of these arrangements in this brochure and in other disclosure documents provided at the onset of our relationship with prospective clients. Clients have the option to purchase certain investment products that Beacon Trust recommends through other brokers or agents that are not affiliated with Beacon Trust.

The commissions, if appropriate, paid by Beacon Trust's clients comply with Beacon Trust's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction for which Beacon Trust determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction

represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Beacon Trust seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions. In addition, Beacon Trust may benefit from directing trades to a certain executing broker who carries out that order for Beacon Trust, and the client. These benefits do not increase the cost to the client, and yet may benefit the client indirectly, through better and more research, and educational programs for Beacon Trust.

Transactions may be cleared through other Financial Institutions with whom Beacon Trust and the Financial Institutions have entered into agreements for prime brokerage clearing services. Beacon Trust may periodically and systematically review its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

The client may direct Beacon Trust in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution, and Beacon Trust will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts managed by Beacon Trust (as described below). 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. Subject to its duty of best execution, Beacon Trust may decline a client's request to direct brokerage if, in Beacon Trust's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless Beacon Trust decides to purchase or sell the same securities for several clients at approximately the same time. Beacon Trust may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Beacon Trust's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Beacon Trust's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Beacon Trust determines to aggregate client orders for the purchase or sale of securities, including securities in which Beacon Trust's Supervised Persons may invest, Beacon Trust generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Beacon Trust does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Beacon Trust determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account



reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, Beacon Trust may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

From time-to-time Beacon Trust may make an error in submitting a trade order on your behalf. When this occurs, the Firm may place a correcting trade with the broker-dealer which has custody of your account. Any losses incurred by the client will be paid for by the Firm, and the client will be made whole based on the circumstances of the original trade. Schwab, as the custodian will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, Advisor will pay for the loss. Schwab will maintain the loss or gain if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

### **Wrap Program**

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Beacon Trust may recommend/require that clients establish brokerage accounts with the Schwab Advisor Services to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with Schwab is at the discretion of the Advisor's clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. Beacon Trust is independently owned and operated, and not affiliated with Schwab. Schwab provides Beacon Trust with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Beacon Trust client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to Beacon Trust, other products and services that benefit Beacon Trust but may not benefit its clients' accounts. These benefits may include national, regional or Beacon Trust specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of Beacon Trust by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and

services assist Beacon Trust in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of Beacon Trust's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of Beacon Trust's accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services also makes available to Beacon Trust other services intended to help Beacon Trust manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to Beacon Trust by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Beacon Trust. While, as a fiduciary, Beacon Trust endeavors to act in its clients' best interests, Beacon Trust's recommendation/requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to Beacon Trust of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

### **Soft Dollars**

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Beacon Trust currently does not have any formal soft dollar arrangements. In other words, Beacon Trust does not have any commitments or understandings to trade with specific brokers or trading counterparties or to generate a specified level of business with a particular broker or trading counterparty in order to receive certain goods or services. Even so, Beacon Trust may and does use broker-dealers that provide (without being requested to do so) research or other products or services provided by these broker-dealers. Beacon Trust thereby receives a benefit because it does not have to produce or pay for the research or other products or services.

This research is used for all client accounts. This research may include a wide variety of reports, charts, publications, or proprietary data on economic and political strategy, credit analysis, or stock and bond market conditions and projections. In addition to research, certain counterparties may provide invitations to attend conferences and meetings with management representatives of issuers or with other analysts and specialists.

The receipt of such research creates a possible conflict of interest. Beacon Trust may have an incentive to select broker-dealers based on its interest in receiving the research or other products or services, even though no soft dollar arrangements are in place, rather than on clients' interest in receiving the most favorable execution.

### **Software and Support Provided by Financial Institutions**

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In addition to the research products and/or services discussed above, Beacon Trust may receive from

Schwab or Fidelity, or other custodians, without cost, computer software, related systems support and other services. Beacon Trust may receive the software, related support and other services without cost because Beacon Trust renders asset management services to clients that, in the aggregate, maintain a certain level of assets at Schwab, Fidelity or other custodians. Clients should be aware that Beacon Trust's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Beacon Trust's choice of custodian over another custodian that does not furnish similar software, systems support, or services.

Beacon Trust may receive the following benefits from Schwab or Fidelity or other custodians: receipt of duplicate client confirmations and bundled duplicate statements; access to a designated trading desks institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

In addition, Beacon Trust receives from Fidelity the following: financial support for Beacon Trust to use research, marketing, and other services. Beacon Trust will only accept these services when it feels that Fidelity represent best execution and for which Beacon Trust believes that the recommendation to use Fidelity at the rates negotiated is in the best interest of its clients per Beacon Trust's fiduciary duty to its clients.

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**Brokerage for Client Referrals**

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Beacon Trust does not consider, in selecting or recommending broker/dealers, whether Beacon Trust receives client referrals from the Financial Institutions or other third party.

**Item 13. Review of Accounts**

For those clients to whom Beacon Trust provides investment management services, Beacon Trust monitors those portfolios as part of an ongoing process with regular account reviews. For those clients to whom Beacon Trust provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis. Such reviews are conducted by one of Beacon Trust's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Beacon Trust and to keep Beacon Trust informed of any changes thereto. Beacon Trust contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives and whether the client wishes to impose any reasonable investment restrictions.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts.

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

## Item 14. Client Referrals and Other Compensation

### Other Economic Benefit

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Beacon Trust may receive economic benefits from non-clients for providing advice or other advisory services to clients. This type of relationship poses a conflict of interest and any such relationship is disclosed in response to Item 12 (above). We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. In addition, Schwab has also agreed to pay for certain products and services for which we would otherwise have to pay once the value of our clients' assets in accounts at Schwab reaches a certain size. You do not pay more for assets maintained at Schwab as a result of these arrangements. However, we benefit from the arrangement because the cost of these services would otherwise be borne directly by us. You should consider these conflicts of interest when selecting a custodian. The products and services provided by Schwab, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices.)

### Client Referrals

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If a client is introduced to Beacon Trust by either an unaffiliated or an affiliated solicitor, Beacon Trust in most instances will pay that solicitor a referral fee in accordance with the requirements of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from Beacon Trust's investment management fee, and does not result in any additional charge to the client..

### Schwab Advisor Network

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Beacon Trust receives client referrals from Schwab through Beacon Trust's participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Beacon Trust. Schwab does not supervise Beacon Trust and has no responsibility for Beacon Trust's management of clients' portfolios or Beacon Trust's other advice or services. Beacon Trust pays Schwab fees to receive client referrals through the Service. Beacon Trust's participation in the Service may raise potential conflicts of interest described below.

Beacon Trust pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Beacon Trust is a percentage of the fees the client owes

to Beacon Trust or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. Beacon Trust pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to Beacon Trust quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by Beacon Trust and not by the client. Beacon Trust has agreed not to charge clients through the Services fee or costs greater than the fees or costs Beacon Trust charges clients with similar portfolios who were not referred by the Service.

Beacon Trust generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with the custodian other than Schwab. The Non-Schwab Custody fee is higher than the Participation Fees Beacon Trust generally would pay in a single year. Thus, Beacon Trust will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of Beacon Trust's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, Beacon Trust will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit Beacon Trust's fees directly from the accounts.

For accounts of Beacon Trust's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from Beacon Trust's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, Beacon Trust may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. Beacon Trust nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than the trades for Beacon Trust's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and prices than trades for other accounts that are executed at other broker-dealers.

## **Item 15. Custody**

All clients' accounts are held in custody by unaffiliated broker/dealers or banks, but Beacon Trust can access many clients' accounts through its ability to debit advisory fees. This activity is one reason that Beacon Trust is considered to have custody of client assets under government regulations. Beacon Trust also provides a service to certain clients where it will receive bills and invoices payable by clients (e.g., utility bills, invoices for personal and domestic services) and pay such bills using disbursement authority granted by the client to Beacon Trust, either on a case-by-case basis, or by standing authority. This access may be through online

banking tools or signature authority over client checking accounts. In addition, Beacon Trust serves as trustee for certain client accounts. In addition, for these reasons Beacon Trust is also considered to have custody of client assets under government regulations. However, Schwab, Fidelity, and other unaffiliated broker/dealers or banks do maintain all actual custody of assets. Accounts for which Beacon Trust and/or its employees have custody, are subject to an annual surprise verification audit performed by an independent accounting firm in order to comply with the SEC's rule on the custody of client assets. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by Beacon Trust. Account custodians will be sent to the email or postal mailing address you provided to Schwab or Fidelity, or other financial institution

## **Item 16. Investment Discretion**

Beacon Trust is given the authority to exercise discretion on behalf of clients. Beacon Trust is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Beacon Trust is given this authority through a limited power-of-attorney included in the agreement between Beacon Trust and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold), or clients may have a joint discretionary arrangement, which would require clients to approve activities. Beacon Trust may take discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made;
- The Financial Institutions to be utilized; and
- The Independent Managers to be hired or fired.

## **Item 17. Voting Client Securities**

Beacon Trust may vote client securities (proxies) on behalf of its clients. When Beacon Trust accepts such responsibility through the Wealth Management Services Agreement, it will only cast proxy votes in a manner consistent with the best interest of its clients. Beacon Trust has opted to allow Proxy Trust to facilitate voting on those proxies which Beacon Trust does not vote. Proxy Trust will allow ISS to act in the voting capacity regarding Beacon Trust's client proxy voting. All proxies will be voted consistent with guidelines established and described in Beacon Trust's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. Clients may contact Beacon Trust to request information about how Beacon Trust voted proxies for that client's securities or to get a copy of Beacon Trust's Proxy Voting Policies and Procedures. A brief summary of Beacon Trust's Proxy Voting Policies and Procedures is as follows:

- Beacon Trust retains Proxy Trust to facilitate the making of voting decisions in the best interest of clients and ensuring that proxies are submitted in a timely manner. Currently, ProxyTrust relies on ISS to vote the proxies.
- Although the Proxy Voting Guidelines are followed as a general policy, certain issues are considered on a case-by-case basis based on the relevant facts and circumstances.
- Clients may direct Beacon Trust's vote on a particular solicitation, subject to Beacon Trust's discretion, and clients can revoke Beacon Trust's authority to vote proxies.

In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that Beacon Trust maintains with persons having an interest in the outcome of certain votes, Beacon Trust takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict. If the Chief Compliance Officer detects a conflict of interest, Beacon Trust will, at its expense, engage the services of an outside proxy voting service or outside counsel who will provide an independent recommendation and/ or advice on the direction in which Beacon Trust should vote on the proposal.

#### **Class Actions**

In the event that a class action arises regarding securities held in the Funds' portfolios, the Investment Committee will determine whether Clients will (a) participate in a recovery achieved through class actions, or (b) opt out of the class action and separately pursue their own remedy.

### **Item 18. Financial Information**

Beacon Trust is not required to disclose any financial information due to the following:

- Beacon Trust does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- Beacon Trust does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- Beacon Trust has not been the subject of a bankruptcy petition at any time during the past ten years.