



## Broadway Wealth Solutions, Inc.

*This brochure provides information about the qualifications and business practices of Broadway Wealth Solutions, Inc. If you have any questions about the contents of this brochure, please contact us at (210) 283-6600. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission Registration does not imply a certain level of skill or training.*

*Additional information about Broadway Wealth Solutions, Inc. is available at <https://broadwayws.com> and on the SEC's website at <http://www.adviserinfo.sec.gov>. The firm's CRD# is 291753.*

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## Item 2: Material Changes

The material changes in this brochure from the last annual updating amendment of Broadway Wealth Solutions, Inc. on 05/31/2022 are described below. Material changes relate to Broadway Wealth Solutions, Inc.'s policies, practices, or conflicts of interests.

- Amendment to section 15 Custody
- Broadway Wealth Solutions, Inc. updated Item 11 to disclose the potential conflict of interest regarding personal securities trading
- Broadway Wealth Solutions, Inc. updated Item 12, added trade order of execution.
- Broadway Wealth Solutions, Inc. Brokerage changed custody services from TD Ameritrade to Charles Schwab, Inc.

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#### Item 4: Advisory Business

Broadway Wealth Solutions, Inc. is a registered investment advisor firm registered with the United States Securities and Exchange Commission. Broadway Wealth Solutions, Inc. is a wholly owned subsidiary of Broadway National Bank.

Broadway Wealth Solutions Inc.'s ("BWSI" or "Advisor") principal service is providing fee- based investment advisory services on a discretionary basis and related financial planning services (which are included in the fee for investment advisory services). The Advisor manages custom investment portfolios, on a discretionary or non-discretionary basis, according to the Client's risk profile and investment objectives. Asset allocation models are customized asset models built and managed by BWSI's *affiliated* Partners, Broadway National Bank's Investment Management Group ("IMG"). Broadway Wealth Solutions Inc. offers services to both retirement and non-retirement investors.

The general steps involved in the Financial Planning process are:

- Establishing and defining the Client-advisor relationship
- Gathering Client data, including goals
- Analyzing and evaluating the Clients' financial status
- Developing and presenting financial planning recommendations and alternatives
- Implementing the financial planning recommendations and
- Monitoring the financial planning recommendations

The Advisor's primary approach is to use strategic asset allocation, make tactical adjustments when indicated, and pursue a reasonable potential return for the level of risk assumed. For example, the Advisor may use any of the following: exchange-listed securities, over-the-counter securities, corporate debt securities, CDs, life insurance, fixed annuities, municipal securities, mutual funds, and United States government securities to accomplish this objective. IMG assesses and selects mutual funds using various criteria, such as the fund's investment strategy, the fund manager's tenure, overall career performance, expense ratio, risk/return profile, and the selections fit for the intended purpose as a component of the overall portfolio. The Advisor may recommend, on occasion, changes in investment allocations to reduce risk or increase potential return or otherwise achieve more significant benefit for the Client. The Advisor or IMG may recommend specific stocks to adjust sector weightings, anticipated dividend yield, or other characteristics better aligned with Client's objectives. The Advisor may recommend employing cash positions as a hedge against a possible market movement that adversely affects the portfolio. The

Advisor may recommend selling positions for reasons that

- Meet directly with the Client to understand individual personal retirement goals and needs
- Coordinate the management of the IRA in the context of all the Client's assets and investments
- The Advisor will provide the same ongoing management of Client accounts as mentioned above, utilize the same methodologies for analysis, investment strategies and products used will be consistent as explained in section 8 below
- Although, BWSI does not maintain physical custody of retirement Client funds or securities, except for the withdrawal of advisory fees directly from Client accounts, Pursuant to Rule 206(4)-2 of the Advisers Act, BWSI is deemed to have indirect custody, because the Firm is a wholly owned subsidiary of Broadway National bank (see section 15)
- Clients will receive statements no less than quarterly from the qualified custodian; discrepancies should be immediately brought to the firm's attention
- Maintain records for the individual retirement account according to Internal Revenue Service rules

Clients are not obligated to execute recommendations made by BWSI for rollover or use of services. However, if executed, the advisory fees apply as described in item 5.

The Client, prior or concurrent to entering into an agreement for these services, will be provided with the Advisor's Brochure. Further, BWSI and its Client will agree in writing that the Client's account will be managed by BWSI on a discretionary basis.

If Clients wish to impose certain restrictions on investing in certain securities or types of securities, the Advisor will address those restrictions with the Client to clearly understand the Client's requirements.

#### **Written Acknowledgement of Fiduciary Status**

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 interest 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.

BWSI does not provide portfolio management services to wrap fee programs for retirement and nonretirement investors. As of December 31, 2022, BWSI had \$125,618,472 in discretionary and \$22,482,953 in non-discretionary Client assets under management.

### **Item 5: Fees and Compensation**

Under an investment advisory contract signed by each Client, the Client will pay BWSI an annual management fee, payable quarterly in arrears based on the fair market value of portfolio assets under management, including assets held away, at the end of entire quarter.

The rates are tiered based on the asset value, as shown in the table below. New Client fees will be prorated from the inception of the agreement to the end of the first quarter and Client's closing accounts will have fees prorated from the first day of the quarter to the date the client closing request is processed.

#### **Account Value Annual Fee:**

<b>First \$1 million</b>
<b>1.00%</b>
<b>Next \$1 million</b>
<b>0.80%</b>
<b>Next \$3 million</b>
<b>0.60%</b>
<b>Over \$5 million</b>
<b>0.50%</b>

Under certain circumstances, at the sole discretion of the Advisor, advisory fees may be negotiated. Asset management fees will be directly deducted from Client assets quarterly by the qualified custodian. The Client will give written authorization permitting the Advisor to be paid directly from their account held by the custodian, and the custodian will send a statement at least quarterly to the Client.

**Deduction of Account Fees-** All fees incurred by the Account will be paid from the cash balance or by selling shares of a money market mutual fund. If the Account does not have a sufficient cash balance or enough money market mutual fund shares to cover the fees, we will liquidate other securities as necessary to pay them. In some instances, If no securities are available for liquidation, BWSI may send a billing invoice to the client requesting payment for services rendered. Selling securities to pay fees may incur transaction costs and could create tax consequences for you. You may contact us at 210-283-6600.

The Advisor's annual investment advisory fee for retirement investor Clients follows the same tiered fee schedule.

For the Advisor's services described above, the Client may terminate these services within five business days of the effective date of an Agreement signed with the Advisor without any payment of the Advisor's fee. All fees paid to BWSI for investment advisory services are separate and distinct from the expenses charged by mutual funds to their shareholders and the product sponsor, mutual fund product's prospectus describes these fees and expenses. These fees will generally include a management fee and other fund expenses.

At no time will BWSI accept or maintain physical custody of a Client's funds or securities (see section 15) except for authorized fee deduction . The Client is responsible for all custodial and securities execution fees charged by the custodian and executing broker-dealer. The Advisor's fee is separate and distinct from the custodian and execution fees. Neither BWSI nor its supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Where acting in the capacity of an insurance agent, Investment Advisor Representatives of BWSI may act as agent and effect insurance transactions for typical and customary compensation.

However, Clients are not obligated to use investment advisory representatives of BWSI to execute such insurance transactions.

This practice presents a conflict of interest by creating an incentive to recommend investment products based on the compensation received rather than on a Client's needs. For example, when recommending the sale of investment products for which BWSI receives compensation, BWSI will inform the Client of the conflict of interest.

A Client may be able to invest in products recommended by the firm directly, without the services of Broadway. In that case, the Client would not receive the services provided by BWSI, which are designed, among other things, to assist the Client in determining which products or services are most appropriate to each Client's financial condition and objectives.

#### **Item 6 Performance Based Side by Side Management**

BWSI does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of a Client's assets.

#### **Item 7: Types of Clients**

BWSI generally provides investment advice and investment supervisory services to the following types of Clients:

- Individuals
- Conservatorships and guardianships
- Charitable organizations, trusts, and estates
- Corporations and other businesses
- Retirement Investors

#### **MINIMUM ACCOUNT SIZE**

Broadway's preferred minimum account size is \$60,000, which may be waived by the Advisor. based on the individual needs and circumstances of the Client.

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

The Advisor may utilize fundamental, technical, or cyclical analysis techniques to formulate investment advice or manage Clients' assets. Fundamental analysis of businesses involves analyzing financial statements and health, their management and competitive advantages, and their competitors and markets. Fundamental analysis is performed on historical and present data to make financial forecasts. There are several possible objectives; to conduct a company stock valuation and



predict its probable price evolution; to make a projection on its business performance; to evaluate its management, make internal business decisions, and calculate its credit risk. Technical analysis is a method of evaluating securities by relying on the assumption that market data, such as charts of price, volume, and open interest, can help predict future (usually short-term) market trends. Technical analysis assumes that market psychology influences trading in a way that enables predicting when a stock will rise or fall.

Cyclical analysis of economic cycles is used to determine how these cycles affect the returns of an investment, an asset class, or an individual company's profits. Cyclical risks exist because the broad economy has been shown to move in cycles, from periods of peak performance followed by a downturn, then a trough of low activity. Between the peak and trough of a business or other economic cycle, investments may fall in value to reflect the uncertainty surrounding future returns compared with the recent past.

The investment strategies the Advisor will implement may include long-term purchases of securities held longer than one year and short-term purchases for securities sold within one year or less. Clients need to be aware that investing in securities involves a risk of loss that Clients need to be prepared to bear. The methods of analysis and investment strategies followed by the Advisor are utilized across all the Advisors Clients, as applicable. One analysis or investment strategy method is not more significant than the other as the Advisor considers the Client's portfolio, risk tolerance, time horizon, and individual goals. However, the Client should be aware that the Client will incur transaction and administrative costs with any trading in the Client's account.

Investing includes the risk that the value of an investment can be negatively affected by factors specifically related to the investment, such as the capability of management, competition, new inventions by other companies, lawsuits against the company, labor issues, and patent expiration. Or, to factors related to investing and the markets in general. (e.g., the economy, wars, civil unrest or terrorism around the world, concern about oil prices, or unemployment.

Risks of fundamental analysis may include risks that market actions, natural disasters, government actions, world political events, or other events not directly related to the price or valuation of a specific company's fundamental analysis can adversely impact the stock price of a company causing a portfolio containing that security to lose value. Risks may also include that the historical

data and projections on which the fundamental analysis is performed may not continue to be relevant to a company's operations in the future. For that, management changes or the business direction of management of the company may not permit the company to continue to produce metrics consistent with the prior company data utilized in the fundamental analysis, which may negatively affect the Advisor's estimate of the valuation of the company.

In cyclical analysis, economic or business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions. Also, the lengths of the economic cycles may be difficult to predict with accuracy. Therefore, the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected.

The primary risks in technical analysis are that the factors used to analyze the price, trends, and volatility of a security may not be replicated, or the outcomes of such analysis will not be the same as in past periods where similar combinations existed. However, because of the reliance on trends, technical analysis can signal to buy at market peaks and sell at market troughs. The Advisor does not primarily recommend a particular type of security.

However, Clients are advised that many unexpected broad environmental factors can negatively impact the value of portfolio securities, causing the loss of some or all the investment, including changes in interest rates, political events, natural disasters, and acts of war or terrorism. Further, factors relevant to specific securities may have adverse effects on their value, such as competition or government regulation. Also, the factors for which a company was selected for inclusion in a Client's portfolio may change, for example, due to changes in management, new product introductions, or lawsuits.

#### **Item 9: Disciplinary Information**

Neither BWSI nor its management persons have had any legal or disciplinary events, either currently or in the past.

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

Neither BWSI nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer, futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

BWSI does not currently have any relationships or arrangements that are material to its advisory business or Clients with either a broker-dealer, municipal securities dealer, or government securities dealer or broker, investment company, or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund” and offshore fund) other investment advisor or financial planner, futures commission merchant, commodity pool operator, or commodity trading advisor, accountant or accounting firm, lawyer or law firm, pension consultant, real estate broker or dealer or sponsor or syndicator of limited partnerships.

BWSI, using its discretionary investment authority, may delegate investment management of the assets in Retirement and Non-Retirement accounts to affiliate partners of, Investment Management Group within Broadway National Bank’s Wealth Management line of business. Through this affiliation, BWSI receives third-party economic benefits in the form of market and investment research.

BWSI’s Advisors engage in providing recommendations to retirement investors and plan participants. Therefore, when recommendations are made to rollover or transfer (directly or indirectly) any 401k plan, qualified retirement plans, and IRAs from another firm or plan to BWSI, the advisor will open an account(s) for retirement investors in need of such services. This service results in the firm receiving a level fee, which is typical compensation as other non-retirement accounts opened by BWSI. This creates a conflict of interest because of the receipt of compensation by BWSI. Clients are not obligated to use BWSI for rollover recommendations or services; however, in such instances, there is an advisory fee associated with these types of accounts. BWSI will only receive compensation if you open an account with us and transfer assets into that account.

BWSI is also licensed with the State of Texas as an Insurance Agency. Certain Investment Advisor Representatives of BWSI are licensed and registered as insurance agents to sell life, accident, and other lines of insurance for various insurance companies. Therefore, they will be able to purchase insurance products for any Client in need of such services and will receive separate yet typical compensation in the form of commissions for purchasing insurance products. This creates a conflict of interest because of the receipt of additional compensation by BWSI. Clients are not obligated to use BWSI for insurance products services. However, there is no advisory fee associated with these insurance products in such instances.

BWSI is a wholly owned subsidiary of Broadway National Bank. BWSI provides advisory services to

Broadway National Bank customers (as provided for in the Client agreement) and the general public. In addition, Broadway National Bank provides trust services to its Clients. Trust services clients of Broadway bank will not be clients of BWSI, there will be no client crossover to avoid custody implications. Christian R. Escamilla, CEO of BWSI, holds an executive role in the wealth management business of Broadway National Bank and receives compensation from the bank for this activity. These circumstances create conflicts of interest because of the receipt of additional compensation (bank trust fees in addition to investment advisor fees). If a Client utilizes Broadway National Bank's banking arrangements, all other fees and compensation will be disclosed to the Client prior to the Client engaging in this type of service, as described in Item 4.

### **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

BWSI is a United States Securities and Exchange Commission registered investment advisor and has adopted a Code of Ethics as an industry best practice that sets forth the basic policies of ethical conduct for all managers, officers, and employees of the adviser. In addition, the Code of Ethics governs personal trading by each employee of BWSI deemed to be an Access Person and is intended to ensure that securities transactions effected by Access Persons of BWSI are conducted in a manner that avoids any conflict of interest between such persons and Clients of the adviser or its affiliates. BWSI collects and maintains records of securities holdings and securities transactions effected by Access Persons. These records are reviewed to identify and resolve conflicts of interest.

#### **Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of BWSI may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of BWSI to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. BWSI will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold. BWSI will never engage in trading that operates to the client's disadvantage if representatives of BWSI buy or sell securities at or around the same time as clients.

#### **Conflicts of Interest**

Personal securities transactions of supervised persons present potential conflicts of interest with the price obtained in client securities transactions or the investment opportunity available to clients. BWSI requires

that its Investment Advisor Representatives follow its basic policies and ethical standards outlined in its Code of Ethics. The Code addresses these potential conflicts by prohibiting securities trades that would breach a fiduciary duty to a client and requiring, with certain exceptions, supervised persons to report their personal securities holdings and transactions to BWSI for review by the Firm's Chief Compliance Officer on a quarterly basis. The Code also requires supervised persons to obtain pre-approval of certain investments, including initial public offerings and limited offerings. All other reportable transactions are reviewed at least quarterly. BWSI will provide a copy of the Code of Ethics to any Client or prospective Client upon request

### **Item 12: Brokerage Practices**

BWSI may suggest brokers or dealers be used based on execution and custodial services offered, cost, quality of service, and industry reputation if requested by the Client. BWSI will consider factors such as commission price, speed, and quality of execution, Client management tools, and convenience of access for both the Advisor and Client in making its suggestion.

Advisor participates in Charles Schwab Inc. ("Schwab") Institutional program member FINRA/SIPC. Schwab is an independent and unaffiliated SEC-registered broker-dealer. Schwab offers independent investment Advisor's services to include custody of securities, trade execution, clearance, and settlement of transactions. Advisor receives some benefits from Schwab through its participation in the program. (Please see the disclosure under Item 14 below).

BWSI does not receive Client referrals from any broker-dealer or a third party due to the firm selecting or recommending that broker-dealer to Clients.

BWSI recommends that all Clients use a particular broker-dealer for execution and custodial services. The broker-dealer is recommended based on criteria such as, but not limited to, the reasonableness of commissions charged to the Client, tools and services made available to the Client and the Advisor, and convenience of access to the account trading and reporting. In addition, the Client will provide authority to BWSI to direct all transactions through that broker-dealer in the investment advisory agreement.

As an investment advisory firm, BWSI has a fiduciary duty to seek the best execution for Client transactions. While best execution is difficult to define and challenging to measure, there is some consensus that it does not solely mean the achievement of the best price on a given transaction. Rather, it appears to be a collective consideration of factors concerning the trade in question. Such

factors include the security being traded, the price of the trade, the speed of the execution, apparent conditions in the market, and the Client's specific needs. For example, BWSI's primary objectives when placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results, considering such factors as 1) price, 2) size of the order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the broker. In addition, BWSI may not necessarily pay the lowest commission or commission equivalent as specific transactions may involve specialized services on the broker's part.

BWSI will allow Clients to direct brokerage at the firm's sole discretion. Clients should be aware that if they direct BWSI to a particular broker-dealer for execution, BWSI may not achieve the most favorable execution of Client transactions. Directing brokerage may cost Clients more money than if BWSI were to execute transactions at the broker-dealer with an established relationship. The Client may pay higher brokerage commissions because BWSI may not aggregate orders to reduce transaction costs, or the Client may receive less favorable prices.

#### **Trade Aggregation - Order Execution Process**

BWSI does not aggregate purchase and sale orders for various client accounts. Instead, individual orders are placed for each client account. BWSI will generally do so in a fair equitable manner in accordance with applicable rules promulgated under the Advisers Act and guidance provided by the staff of the SEC and consistent with policies and procedures established by the BWSI. At times an across-the-board trade recommendation is made for model portfolios, or several accounts are triggered for a rebalance at the same time. When this occurs, there is a possible conflict of interest in order execution since there is the possibility that one client may receive an execution price better or worse than the next client for the same security. To ensure that the order process is equitable and fair across client accounts, BWSI trades in alphabetical order first by model, then client name, alternating both model and client names A-Z then Z-A, alternating each quarter. This randomized process ensures that clients are not systematically advantaged over others. Even so, one client may receive an execution price better or worse than the next client for the same security

#### **Item 13: Review of Accounts**

The firm reviews Client accounts on an annual basis or when conditions would warrant a review based on market conditions or changes in Client circumstances. All Client accounts are reviewed by an Investment Advisor Representative. Triggering factors may include BWSI becoming aware of a change in the Client's investment objective, a change in market conditions, change of employment, or a change in recommended asset allocation weightings in the account that exceed a predefined guideline.

The Client is encouraged to notify the Advisor and Investment Advisor Representative if changes in their personal financial situation might materially affect their investment.

The Client will receive written statements no less than quarterly from the custodian. In addition, the Client will receive other supporting reports from mutual funds, asset managers, trust companies or other custodians, insurance companies, broker-dealers, and others involved with Client accounts. BWSI does not deliver separate Client statements.

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

As disclosed under Item 12 above, Advisor participates in Charles Schwab, Inc. institutional customer program, and Advisor may recommend Schwab to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice to its Clients. However, Advisor receives economic benefits by participating in the program that is typically unavailable to Schwab retail investors. These benefits include the following products and services (provided without cost or at a discount):

- receipt of duplicate Client statements and confirmations
- research-related products and tools
- consulting services
- access to a trading desk serving Advisor participants.
- access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts)
- the ability to have advisory fees deducted directly from Client accounts
- access to an electronic communications network for Client order entry and account information
- access to mutual funds with no transaction fees and certain institutional money managers
- discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third-party vendors.

Schwab also provides payments to offset the cost of technology used by the Advisor to manage its practice.

Some of the products and services made available by Schwab through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in

managing Client accounts, including accounts not maintained at Charles Schwab, Inc. Other services made available by Schwab are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to Charles Schwab, Inc. As part of its fiduciary duties to Clients, the Advisor endeavors to always put the interests of its Clients first. However, Clients should be aware that the receipt of economic benefits by the Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of Schwab for custody and brokerage services.

BWSI does not directly or indirectly compensate any person who is not a supervised person for Client referrals.

#### **Item 15: Custody**

Custody is defined as any legal or actual ability by us to access client funds or securities. Although BWSI does not have physical possession of client assets (all client funds and securities are maintained with a qualified custodian), Pursuant to Rule 206(4)-2 of the Advisers Act, BWSI is deemed to have indirect custody, because the Firm is a wholly owned subsidiary of Broadway National Bank and certain employees are dually employed.

To mitigate any potential conflicts of interests, all client assets are maintained at the qualified custodian. Clients will receive account statements directly from Schwab and Broadway National Bank for their account's at least quarterly. They will be sent to the postal mailing address or electronic access that was provided to the custodian. clients are urged to carefully review all custodial statements and compare them to the quarterly statements provided by Schwab and Broadway National Bank statements to confirm whether account transactions, fees, or deductions are proper.

#### **Item 16: Investment Discretion**

BWSI generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client for each transaction. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by BWSI.

Discretionary authority will only be provided upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an Investment Advisory Agreement



containing all applicable limitations to such authority. All discretionary trades made by BWSI will be in accordance with each Client's investment objectives and goals.

#### **Item 17: Voting Client Securities (Proxy Voting)**

BWSI will not vote or advise Clients on proxies for securities held in Client accounts. The Client clearly keeps the authority and responsibility for voting these proxies. Also, BWSI cannot give any advice or take any action concerning the voting of these proxies. The Client and BWSI agree to this by contract. Clients will receive proxy solicitations from their custodian and transfer agent.

#### **Item 18: Financial Information**

BWSI does not require or solicit prepayment of more than \$1200 in fees per Client, six months or more in advance, and is not required to file a balance sheet.

BWSI has discretionary authority over Client accounts and is not aware of any financial condition that will likely impair its ability to meet contractual commitments to Clients. If BWSI does become aware of any such financial condition, this Brochure will be updated, and Clients will be notified.

BWSI has never been subject to a bankruptcy petition