

# Babb Wealth Advisors LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Babb Wealth Advisors LLC. If you have any questions about the contents of this brochure, please contact us at (928) 526-2911 or by email at: [clientservice@babbgroup.com](mailto:clientservice@babbgroup.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Babb Wealth Advisors LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Babb Wealth Advisors LLC's CRD number is: 298347.*

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*Registration as an investment adviser does not imply a certain level of skill or training.*

Version Date: 10/26/2023

## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of Babb Wealth Advisors LLC on 02/25/2022 are described below. Material changes relate to Babb Wealth Advisors LLC's policies, practices or conflicts of interests.

- Babb Wealth Advisors LLC has updated its account minimum. (Item 5)
- Babb Wealth Advisors LLC has removed disclosures for Frank H. Windes as he is no longer with the firm. (Item 10)
- Babb Wealth Advisors LLC has updated Item 15 to disclose the firm has authority to transfer money from client account(s), which constitutes a standing letter of authorization (SLOA).
- Babb Wealth Advisors LLC has transitioned to registration with the United States Securities and Exchange Commission from its prior registration at the state level.
- Babb Wealth Advisors LLC will utilize third party managers. (Items 4, 5, 8, 10 and 14)
- Babb Wealth Advisors LLC has added the custodians Charles Schwab and Altruist. (Items 12 & 14)
- Babb Wealth Advisors LLC no longer uses the custodian TD Ameritrade. (Items 12 & 14)

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

Babb Wealth Advisors LLC (hereinafter “BWA”) is a Limited Liability Company organized in the State of Arizona. The firm was formed in July 2018, and the principal owner is Travis Christopher Babb. Kathleen Schroeder is the chief compliance officer.

### B. Types of Advisory Services

#### *Portfolio Management Services*

BWA offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. BWA creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client's specific situation. Portfolio management services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Assessment of risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

BWA evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. BWA will require discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. BWA will also accept non-discretionary account. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

BWA seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of BWA’s economic, investment or other financial interests. To meet its fiduciary obligations, BWA attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, BWA’s policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is BWA’s policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent, including initial public offerings ("IPOs") and other investment opportunities that might have a limited supply, among its clients on a fair and equitable basis over time.

### ***Selection of Other Advisers***

BWA may direct clients to third-party investment advisers. Before selecting other advisers for clients, BWA will verify that all recommended advisers are properly licensed, notice filed, or exempt in the states where BWA is recommending the adviser to clients.

### ***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.

### ***Services Limited to Specific Types of Investments***

BWA generally limits its investment advice to mutual funds, fixed income securities, real estate funds (including REITs), insurance products including annuities, equities, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds, and non-U.S. securities although BWA primarily recommends diversified investment based investing strategies. BWA may use other securities as well to help diversify a portfolio when applicable.

## **C. Client Tailored Services and Client Imposed Restrictions**

BWA will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as an investment plan that will be signed and executed by BWA on behalf of the client. BWA may use model allocations together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets. Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent BWA from properly servicing the client account, or if the restrictions would require BWA to deviate from its standard suite of services, BWA reserves the right to end the relationship.

## D. Wrap Fee Programs

BWA acts as portfolio manager for and sponsor of a wrap fee program, which is an investment program where the client pays one stated fee that includes management fees, transaction costs, and certain other administrative fees. However, this brochure describes BWA's non-wrap fee advisory services; clients utilizing BWA's wrap fee portfolio management should see the separate Wrap Fee Program Brochure. BWA manages the investments in the wrap fee program, but does not manage those wrap fee accounts any differently than it would manage non-wrap fee accounts. BWA receives the advisory fee set forth in Item 5 below as a management fee under the wrap fee program. Please also see Item 5 and Item 12 of this brochure.

## E. Assets Under Management

BWA has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$106,066,179.00	\$0.00	December 2022

Assets Under Advisement:	Date Calculated:
\$298,973	December 2022

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Portfolio Management Fees*

Total Assets Under Management	Annual Fees
\$0 - \$1,000,000	1.00%
\$1,000,001 - \$2,000,000	0.90%
\$2,000,001 - \$3,000,000	0.80%
\$3,000,001 - \$4,000,000	0.75%
\$4,000,001 - \$5,000,000	0.65%
\$5,000,001 and Up	0.50%

The fee schedule is tiered. The advisory fee is calculated using the value of the assets in the Account on the last business day of the prior billing period. Fees are paid quarterly in advance.

These fees are generally negotiable and the final fee schedule will be memorialized in the client's advisory agreement. Clients may terminate the agreement without penalty for a full refund of BWA's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract immediately upon written notice.

### ***American Funds Account Management Fees***

<b>Total Assets Under Management</b>	<b>Annual Fees</b>
\$0 - \$1,000,000	1.00%
\$1,000,001 - \$2,000,000	0.90%
\$2,000,001 - \$3,000,000	0.80%
\$3,000,001 - \$4,000,000	0.75%
\$4,000,001 - \$5,000,000	0.65%
\$5,000,001 and Up	0.50%

The fee schedule is tiered. The advisory fee is calculated using the value of the assets in the Account on the last business day of the prior billing period. Fees are paid quarterly in arrears.

These fees are generally negotiable and the final fee schedule will be memorialized in the client's advisory agreement. Clients may terminate the agreement without penalty for a full refund of BWA's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract immediately upon written notice.

### ***Selection of Other Advisers Fees***

BWA may direct clients to third-party investment advisers. BWA will be compensated via a fee share from the advisers to which it directs those clients. The fees shared are negotiable and will not exceed any limit imposed by any regulatory agency. The notice of termination requirement and payment of fees for third-party investment advisers will depend on the specific third-party adviser selected.

BWA may specifically direct clients to Symmetry Partners. The annual fee schedule is as follows:

Total Assets	BWA's Fee	Third Party's Fee	Total Fee
\$0 - \$1000000	1.00%	0.50%	1.50%
\$1000001 - \$2000000	0.90%	0.45%	1.35%

## **B. Payment of Fees**

### *Payment of Portfolio Management Fees*

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis. Please see item 15 for more information regard this direct deduction authority. Fees are paid in advance.

### *Payment of American Funds Account Management Fees*

American Funds Account Management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis. Please see item 15 for more information regard this direct deduction authority. Fees are paid in arrears. If a client closes their account mid-way through the quarter, BWA will charge for the number of days the client has had their account open with BWA for the quarter. The fee would be calculated by  $1\% / 365 \text{ days} \times \text{the number of days the account was open for the quarter}$ .

### *Payment of Selection of Other Advisers Fees*

Fees are paid quarterly in arrears.

Fees for selection of Symmetry Partners as third-party adviser are withdrawn by Symmetry Partners directly from client accounts. BWA then receives its portion of the fees from Symmetry Partners; BWA does not directly deduct the advisory fees.

## **C. Client Responsibility For Third Party Fees**

This brochure describes BWA's non-wrap fee advisory services; clients utilizing BWA's wrap fee portfolio management should see the separate Wrap Fee Program Brochure for additional details regarding third party fees. Client accounts not participating in the wrap fee program are responsible for the payment of all third party fees (i.e., custodian fees, commissions, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by BWA. Please see Item 12 of this brochure regarding broker/custodian.

## **D. Prepayment of Fees**

BWA collects fees in advance. Refunds for fees paid in advance, but not yet earned will be refunded on a prorated basis and returned as soon as possible to the client via return



deposit back into the client's account or a fee reduction to another one of the client's accounts.

For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

### **E. Outside Compensation For the Sale of Securities to Clients**

Neither BWA nor its supervised persons accept any compensation for the sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds. Please see Item 10 for more information regarding this license and related conflict of interest.

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

BWA does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client and therefore does not engage in side by side management.

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

BWA generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Corporations & Businesses

There is an account minimum of \$250,000. The minimum can be negotiable on a case-by-case basis.

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

### **A. Methods of Analysis and Investment Strategies**

#### ***Methods of Analysis***

BWA's methods of analysis include Fundamental analysis and Modern portfolio theory.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

### *Investment Strategies*

BWA uses a passive, diversified, long term approach, overweighting value, small, and profitable companies relative to market weights. BWA primarily recommends diversified factor-based investing. BWA also uses selection of other advisers.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **B. Material Risks Involved**

### *Methods of Analysis*

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Modern portfolio theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

### *Investment Strategies*

BWA's use of margin transactions generally holds greater risk, and clients should be aware that there is a material risk of loss using any of those strategies.

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Solicitor Services / Selection of Other Advisers:** Although BWA will seek to select only money managers who will invest clients' assets with the highest level of integrity, BWA's selection process cannot ensure that money managers will perform as desired and BWA will have no control over the day-to-day operations of any of its selected money managers. BWA would not necessarily be aware of certain activities at the underlying money manager level, including without limitation a money manager's engaging in unreported risks, investment "style drift" or even regulator breach or fraud.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

BWA's use of margin transactions generally holds greater risk of capital loss. Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have internal costs that lower investment returns and are disclosed in each fund's prospectus. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, and investment grade debt and, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of

transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors. ETFs may trade above or below net asset value.

**Exchange Traded Real Estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Non-U.S.** securities present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

## **B. Administrative Proceedings**

There are no administrative proceedings to report.

## **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

## **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither BWA nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

## **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither BWA nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

## **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Various individuals with BWA are an independent licensed insurance agent, and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. BWA always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services of any representative of BWA in connection with such individual's activities outside of BWA.

There may be some transactions where investment purchases provide commissions, such as insurance or annuities. Fees are not charged on assets held in insurance vehicles, and the value of the assets are not included in assets under management for fee calculation purposes. These investments may create a potential conflict in scenarios where the representative receives commissions, rather than management fees paid over time. Clients have the right to act on the recommendation made by BWA. If the client does decide to act in the recommendation, they have the right to do so with any individual they choose.

In addition to commissions, insurance companies and field marketing affiliates may provide additional incentives such as conventions, conferences, or trips, marketing support, and other monetary benefits. Earned incentive trips, conventions, or conferences will not be permitted unless they are educational in manner.

Travis Christopher Babb owns two rental properties. Both properties are in Flagstaff, AZ. He earns compensation as a result of renting these properties.

Ronald Frank Getto is the owner of Starlite Lanes Bowling Alley.

Ronald Frank Getto is a managing member of Surprise Entertainment, LLC.

#### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

BWA may direct clients to third-party investment advisers. BWA will be compensated via a fee share from the advisers to which it directs those clients. The fees shared will not exceed any limit imposed by any regulatory agency. This creates a conflict of interest in that BWA has an incentive to direct clients to the third-party investment advisers that provide BWA with a larger fee split. BWA will always act in the best interests of the client, including when determining which third party investment adviser to recommend to clients. BWA will verify that all recommended advisers are properly licensed, notice filed, or exempt in the states where BWA is recommending the adviser to clients.

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

#### **A. Code of Ethics**

BWA has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. BWA's Code of Ethics is available free upon request to any client or prospective client.

#### **B. Recommendations Involving Material Financial Interests**

BWA does not recommend that clients buy or sell any security in which a related person to BWA or BWA has a material financial interest.

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

From time to time, representatives of BWA may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of BWA 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 create a conflict of interest. BWA will always document any transactions that could be construed as conflicts and will never engage in front runs or operates to the client's disadvantage when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of BWA may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of BWA to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, BWA will always document any transactions that could be construed as conflicts and will never engage in front runs or that BWA buy or sell securities at or around the same time as clients.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

BWA will require clients to use a particular custodian/broker-dealer. It is BWA's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and BWA may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in BWA's research efforts. BWA will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

BWA will require clients to use American Funds Service Company, Invesco Distributors, Inc., Nationwide Advisory Solutions, Charles Schwab & Co., Inc. Advisor Services or Altruist.

#### ***1. Research and Other Soft-Dollar Benefits***

While BWA has no formal soft dollar program in which soft dollars are used to pay for third party services, BWA may receive research, products, or other services from



custodians and broker-dealers in connection with client securities transactions (“soft dollar benefits”). BWA may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client’s transactions paid for it, and BWA does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. BWA benefits by not having to produce or pay for the research, products or services, and BWA will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that BWA’s acceptance of soft dollar benefits may result in higher commissions charged to the client.

## ***2. Brokerage for Client Referrals***

BWA receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### **B. Aggregating (Block) Trading for Multiple Client Accounts**

If BWA buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, BWA would place an aggregate order with the custodian on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. BWA would determine the appropriate number of shares and select the appropriate custodian consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

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

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client accounts for BWA's advisory services provided on an ongoing basis are reviewed at least Annually by BWA, with regard to clients’ respective investment policies and risk tolerance levels. All accounts at BWA are assigned to this reviewer and will be reviewed with the client.



## **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

## **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of BWA's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and amount of fees. This written statement will come from the custodian.

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

## **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

BWA receives compensation from third-party advisers to which it directs clients.

Other than soft dollar described above BWA does not receive any compensation from third party advisory services it provided to clients.

Charles Schwab & Co., Inc. Advisor Services provides BWA with access to Charles Schwab & Co., Inc. Advisor Services' institutional trading and custody services, which are typically not available to Charles Schwab & Co., Inc. Advisor Services retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Charles Schwab & Co., Inc. Advisor Services. Charles Schwab & Co., Inc. Advisor Services includes 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 BWA client accounts maintained in its custody, Charles Schwab & Co., Inc. Advisor Services 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 Charles Schwab & Co., Inc. Advisor Services or that settle into Charles Schwab & Co., Inc. Advisor Services accounts.

Charles Schwab & Co., Inc. Advisor Services also makes available to BWA other products and services that benefit BWA but may not benefit its clients' accounts. These benefits may include national, regional or BWA specific educational events organized and/or sponsored by Charles Schwab & Co., Inc. Advisor Services. Other potential benefits may

include occasional business entertainment of personnel of BWA by Charles Schwab & Co., Inc. 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 BWA 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, if applicable), provide research, pricing information and other market data, facilitate payment of BWA's fees from its clients' accounts (if applicable), 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 BWA's accounts. Charles Schwab & Co., Inc. Advisor Services also makes available to BWA other services intended to help BWA 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, and human capital consultants, insurance and marketing. In addition, Charles Schwab & Co., Inc. Advisor Services may make available, arrange and/or pay vendors for these types of services rendered to BWA by independent third parties. Charles Schwab & Co., Inc. 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 BWA. BWA is independently owned and operated and not affiliated with Charles Schwab & Co., Inc. Advisor Services.

## **B. Compensation to Non - Advisory Personnel for Client Referrals**

BWA does not compensate non-advisory personnel (solicitors) for client referrals.

## **Item 15: Custody**

BWA does not accept or maintain physical custody of client funds or securities. When advisory fees are deducted directly from client accounts at client's custodian, BWA will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements from the custodian and billing invoices for BWA that are required in each jurisdiction, and they should carefully review those statements for accuracy.

Custody is also disclosed in Form ADV because BWA has authority to transfer money from client account(s), which constitutes a standing letter of authorization (SLOA). Accordingly, BWA will follow the safeguards specified by the SEC rather than undergo an annual audit

## **Item 16: Investment Discretion**

BWA provides discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment

discretion has been granted, BWA generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. In some instances, BWA's discretionary authority in making these determinations may be limited by conditions imposed by a client (in investment guidelines or objectives, or client instructions otherwise provided to BWA).

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

BWA will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. The firm is available to answer any questions about any proxies the client may have.

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

#### **A. Balance Sheet**

BWA neither requires nor solicits prepayment of more than \$1200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

#### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither BWA nor its management has any financial condition that is likely to reasonably impair BWA's ability to meet contractual commitments to clients.

#### **C. Bankruptcy Petitions in Previous Ten Years**

BWA has not been the subject of a bankruptcy petition in the last ten years.