



**Form ADV Part 2A – Firm Brochure**

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Dated July 1, 2024

This Brochure provides information about the qualifications and business practices of BFSG, LLC doing business as Benefit Financial Services Group, "BFSG". If you have any questions about the contents of this Brochure, please contact us at 714-282-1566. 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.

BFSG, LLC is registered as an Investment Adviser with the Securities and Exchange Commission. Registration of an Investment Adviser does not imply any certain level of skill or training.

Additional information about BFSG is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) which can be found using the firm's identification number 143617.

## Item 2: Material Changes

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Since our last annual update, dated March 25, 2023, there have been the following material changes:

On August 31, 2023, investment vehicles affiliated with Clayton, Dubilier & Rice, LLC (“CD&R”) and Stone Point Capital LLC (“Stone Point”) indirectly acquired Focus Financial Partners Inc. (“Focus Inc.”). This transaction resulted in investment vehicles affiliated with CD&R collectively becoming majority owners of Focus Financial Partners, LLC (“Focus LLC”) and investment vehicles affiliated with Stone Point collectively becoming owners of Focus LLC. Because BFSG is an indirect, wholly-owned subsidiary of Focus LLC, the CD&R and Stone Point investment vehicles are indirect owners of BFSG. *Items 4 and 10* have been revised to reflect this new ownership structure.

We help our clients obtain certain insurance solutions from unaffiliated, third-party insurance brokers by introducing clients to our affiliate, Focus Risk Solutions, LLC (“FRS”). FRS does not receive any compensation from such third-party insurance brokers from serving our clients. Further information on this service is available in *Items 4, 5 and 10* of this Brochure.

Our affiliate, Focus Treasury & Credit Solutions, LLC (“FTCS”) was acquired by UPTIQ, Inc. and has been renamed UPTIQ Treasury & Credit Solutions, LLC (together with UPTIQ, Inc. and its affiliates, “UPTIQ”). We have revised the information concerning FTCS to describe our new arrangement with UPTIQ. We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions through UPTIQ Treasury & Credit Solutions, LLC (together with UPTIQ, Inc. and its affiliates, “UPTIQ”) and Flourish Financial LLC (“Flourish”). Further information on this conflict of interest is available in *Items 4, 5, and 10* of this Brochure.

This summary does not contain detail about every revision to this Brochure; clients are encouraged to review the Brochure in its entirety. A complete brochure may be obtained by contacting [contactus@bfsg.com](mailto:contactus@bfsg.com) or (714) 282-1566. You may request such brochure at any point during the year, and it will be provided to you without charge. Additional information about BFSG, LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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# Item 4: Advisory Business

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## Description of Advisory Firm

BFSG, LLC, doing business as Benefits Financial Services Group (“BFSG”), is a limited liability company formed in the State of Delaware. BFSG, LLC has been in business as an investment adviser, registered with the Securities and Exchange Commission since 2007.

BFSG is part of the Focus Financial Partners, LLC (“Focus LLC”) partnership. Specifically, BFSG is a wholly-owned indirect subsidiary of Focus LLC. Focus Financial Partners Inc. is the sole managing member of Focus LLC. Ultimate governance of Focus LLC is conducted through the board of directors at Ferdinand FFP Ultimate Holdings, LP. Focus LLC is majority-owned, indirectly and collectively, by investment vehicles affiliated with Clayton, Dubilier & Rice, LLC (“CD&R”). Investment vehicles affiliated with Stone Point Capital LLC (“Stone Point”) are indirect owners of Focus LLC. Because BFSG is an indirect, wholly-owned subsidiary of Focus LLC, CD&R and Stone Point investment vehicles are indirect owners of BFSG.

Focus LLC also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, business managers and other firms (the “Focus Partners”), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADVs.

BFSG has two divisions that offer separate advisory services: BFS Wealth Management and BFS Institutional Services.

BFSG is managed by John Campbell, Darren Stewart, Christopher Rowey, Tina Schackman, Grace Lau, Patrick Powers, Steven Yamshon, and Michael Allbee (“BFSG Principals”), pursuant to a management agreement between Retirement Plan Consultant Group (“RPCG, LLC”) and BFSG. The BFSG Principals serve as officers and leaders of BFSG and are responsible for the management, supervision and oversight of BFSG.

As of December 31, 2023, our assets under management are \$1,148,705,835 managed on a discretionary basis and \$381,356 managed on a non-discretionary basis and our assets under consultation are \$16,003,674,151. Assets under consultation are assets for which we provide ongoing recommendations based upon the needs of the retirement plan sponsor client, as to which specific securities or other investments to make available to its plan participants, as well as other services set forth in the Consulting Agreement.

## Our Advisory Services

### ***BFS Wealth Management***

At BFS Wealth Management, we believe that through hard work, decades of experience, and precise attention to detail we can help our clients achieve their financial goals. Wealth management is a more holistic service than just offering investment management and may include financial planning, pension consulting, and advising on estate planning and insurance needs. Our commitment is to create fundamentally sound, well-constructed, diversified portfolios tailored to each client's needs and goals. We monitor the investments to evaluate performance against appropriate market-based benchmarks and modify each portfolio strategy as needed to support a measurable outcome.

Individual investors, employer-directed retirement plans, corporations, trust estates, and charitable trusts have all benefitted from our expertise. Through our client focused approach, we offer our clients the following advisory services:

#### Financial Planning

To the extent requested by the client, BFSG will generally provide financial planning and related consulting services regarding non-investment related matters, such as tax and estate planning, insurance, etc. BFSG will generally provide such consulting services inclusive of its advisory fee set forth at *Item 5* below, as specified in our contract with you (exceptions do occur based upon assets under management, certain investment offerings such as our Automated Investment Program services, special projects, stand-alone planning engagements, etc., for which BFSG may charge a separate or additional fee).

Financial planning is a comprehensive evaluation of your current and future financial state by using currently known variables based on information you disclose to predict future cash flows, asset values and withdrawal plans. The key defining aspect of financial planning is that through the financial planning process, all questions, information, and analysis will be considered as they impact and are impacted by your entire financial and life situation. You will receive a written or an electronic report, providing a detailed financial plan designed to achieve your stated financial goals and objectives. Please remember to contact us, in writing, if there are any changes in your personal/financial situation so that we can review whether the changes impact our previous recommendations.

**Please Note:** BFSG does not serve as an attorney, accountant, or insurance agent, and no portion of our services should be construed as same. Accordingly, BFSG does not prepare legal documents, prepare tax returns, or sell insurance products. To the extent requested by a client, we may recommend the services of other professionals for non-investment implementation purpose (i.e., attorneys, accountants, insurance, etc.). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from BFSG

and/or its representatives. If the client engages any recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged unaffiliated licensed professional[s] (i.e., attorney, accountant, insurance agent, etc.), and not BFSG, shall be responsible for the quality and competency of the services provided.

**Please Note:** Planning Limitations. BFSG believes that it is important for the client to address financial planning issues on an ongoing basis. BFSG's advisory fee, as set forth at Item 5 below, will remain the same regardless of whether or not the client determines to address financial planning issues with BFSG. It remains each client's responsibility to promptly notify BFSG if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revision our previous recommendations and/or services.

### Investment Portfolio Management

We offer discretionary and nondiscretionary investment management services in accordance with your individual needs. Through personal discussions about your investment history, financial circumstances, and goals, we determine your investment objectives and develop an asset allocation plan which will guide the management of your portfolio. Target asset allocations range from 100% equities to 100% fixed income and may include private investments.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Warrants
- Corporate debt securities (other than commercial paper)
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- United States governmental securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in private equity
- Non-public real estate investment trusts
- Private investments
- Annuities
- Stock options

Our investment strategies typically focus on multi-capitalization publicly listed stocks (ranging from small- to large-sized companies), as well as exchange traded funds and/or mutual funds. When appropriate (i.e., depending on advisory account size or selected investment offering) or

when preferred by you, our investment strategies will utilize only exchange traded funds and/or mutual funds. We offer Environmental, Social, and Governance (“ESG”) investment portfolios investing in securities of environmentally responsible and sustainable global companies that make an environmental contribution.

Most mutual funds and exchange traded funds are available directly to the public. Thus, a prospective client can obtain many of the funds that may be utilized by BFSG independent of engaging BFSG as an investment advisor. However, if a prospective client determines to do so, he/she will not receive BFSG’s initial and ongoing investment advisory services. In addition to BFSG’s investment advisory fee described below, and transaction and/or custodial fees discussed below, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (i.e., management fees and other fund expenses).

**Please Note:** BFSG utilizes the mutual funds issued by Dimensional Fund Advisors (“DFA”). DFA funds are generally only available through registered investment advisers approved by DFA. Thus, if the client was to terminate BFSG’s services, and transition to another adviser who has not been approved by DFA to utilize DFA funds, restrictions regarding additional purchases of, or reallocation among other DFA funds, will generally apply.

BFSG may recommend that the client allocate a portion of the client’s investment assets among unaffiliated independent investment managers in accordance with the client’s designated investment objective(s). In such situations, the Independent Manager[s] shall have day-to-day responsibility for the active discretionary management of the allocated assets. BFSG shall continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors that BFSG shall consider in recommending Independent Manager[s] include the client’s designated investment objective(s), advisory account size, management style, performance, reputation, financial strength, reporting, pricing, and research. The client is under no obligation to engage an Independent Manager[s]. You should refer to the selected independent third-party money manager’s Form ADV Part 2A or other disclosure document for a full description of the services offered. **Please Note:** The investment management fee charged by the Independent Manager([s]) is separate from, and in addition to, BFSG’s investment advisory fee disclosed at Item 5 below.

**Cryptocurrency:** For clients who want exposure to cryptocurrencies, including Bitcoin, BFSG will advise the client to consider a potential investment in corresponding exchange traded securities, or an allocation to separate account managers and/or private funds that provide cryptocurrency exposure. Crypto is a digital currency that can be used to buy goods and services and uses an online ledger with strong cryptography (i.e., a method of protecting information and communications through the use of codes) to secure online transactions. Unlike conventional currencies issued by a monetary authority, cryptocurrencies are generally not controlled or regulated, and their price is determined by the supply and demand of their market. Because cryptocurrency is currently considered to be a speculative investment, BFSG will not exercise discretionary authority to purchase a cryptocurrency investment for client accounts. Rather, a

client must expressly authorize the purchase of the cryptocurrency investment. **Please Note:** BFSG does not recommend or advocate the purchase of, or investment in, cryptocurrencies. BFSG considers such an investment to be speculative. **Please Also Note:** Clients who authorize the purchase of a cryptocurrency investment must be prepared for the potential for liquidity constraints, extreme price volatility and complete loss of principal.

**Interval Funds/Risks and Limitations:** Where appropriate, BFSG may utilize interval funds (and other types of securities that could pose additional risks, including lack of liquidity and restrictions on withdrawals). An interval fund is a non-traditional type of closed-end mutual fund that periodically offers to buy back a percentage of outstanding shares from shareholders. Investments in an interval fund involve additional risk, including lack of liquidity and restrictions on withdrawals. During any time periods outside of the specified repurchase offer window(s), investors will be unable to sell their shares of the interval fund. There is no assurance that an investor will be able to tender shares when or in the amount desired. There can also be situations where an interval fund has a limited amount of capacity to repurchase shares and may not be able to fulfill all purchase orders. In addition, the eventual sale price for the interval fund could be less than the interval fund value on the date that the sale was requested. While an interval fund periodically offers to repurchase a portion of its securities, there is no guarantee that investors may sell their shares at any given time or in the desired amount. As interval funds can expose investors to liquidity risk, investors should consider interval fund shares to be an illiquid investment. Typically, the interval funds are not listed on any securities exchange and are not publicly traded. Thus, there is no secondary market for the fund's shares. Because these types of investments involve certain additional risk, these funds will only be utilized when consistent with a client's investment objectives, individual situation, suitability, tolerance for risk and liquidity needs. Investment should be avoided where an investor has a short-term investing horizon and/or cannot bear the loss of some, or all, of the investment. There can be no assurance that an interval fund investment will prove profitable or successful. In light of these enhanced risks, a client may direct BFSG, in writing, not to purchase interval funds for the client's account.

**Unaffiliated Private Investment Funds:** BFSG also provides investment advice regarding unaffiliated private investment funds. BFSG, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in unaffiliated private investment funds, the description of which (the terms, conditions, risks, conflicts and fees, including incentive compensation) is set forth in the fund's offering documents. BFSG will only recommend private funds to those clients for whom it reasonably believes such an investment to be suitable, given the client's total portfolio, risk parameters and liquidity needs. BFSG's role relative to unaffiliated private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become an unaffiliated private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of BFSG calculating its investment advisory fee. BFSG's fee shall be in addition to the fund's fees. BFSG shall not exercise any discretion as to whether or not a client shall invest in any private fund. Rather, the ultimate investment decision shall remain with the client. BFSG's clients are under absolutely no obligation to consider or make an investment in any private investment fund(s).



**Please Note:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund’s offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund and acknowledges and accepts the various risk factors that are associated with such an investment.

**Please Also Note: Valuation.** In the event that BFSG references private investment funds owned by the client on any supplemental account reports prepared by BFSG, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. However, if subsequent to purchase, the fund has not provided an updated valuation, the valuation shall reflect the initial purchase price. If subsequent to purchase, the fund provides an updated valuation, then the statement will reflect that updated value. The updated value will continue to be reflected on the report until the fund provides a further updated value. **Please Also Note:** As result of the valuation process, if the valuation reflects initial purchase price or an updated value subsequent to purchase price, the current value(s) of an investor’s fund holding(s) could be significantly more or less than the value reflected on the report. Unless otherwise indicated, BFSG shall calculate its fee based upon the latest value provided by the fund sponsor.

**Please Note:** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by BFSG) will be profitable or equal any specific performance level(s).

### Automated Investment Program

We offer an automated investment program (“Wealth Accumulator”) to individuals which gives clients access to our investment strategies, with limited personalized service and no financial planning services, for a discounted fee. Through Wealth Accumulator, account(s) are invested in a range of investment strategies constructed and managed, each consisting of a portfolio of exchange-traded funds (“ETFs”) and a cash allocation. We also offer Environmental, Social, and Governance (“ESG”) Wealth Accumulator portfolios that focus on ETFs with ESG attributes. Clients utilizing Wealth Accumulator may instruct us to exclude up to three ETFs from the portfolio.

Portfolios in Wealth Accumulator are held in a brokerage account opened by the client at Charles Schwab & Co., Inc. (“Schwab”). We use the Institutional Intelligent Portfolios® platform (“Platform”), offered by Schwab Performance Technologies (“SPT”), a software provider to

independent investment advisors and an affiliate of Schwab, to operate Wealth Accumulator. We are independent of and not owned by, affiliated with, or sponsored or supervised by SPT, Schwab, or their affiliates (together, "Schwab").

We, and not Schwab, are the investment advisor and primary point of contact with respect to the automated investment program. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of Wealth Accumulator for our clients, choosing a suitable investment strategy and portfolio for each client's investment needs and goals, and managing that portfolio on an ongoing basis.

We have contracted with SPT to provide us with the Platform, which consists of technology and related trading and account management services for Wealth Accumulator. The Platform enables us to make Wealth Accumulator available to clients online and includes a system that automates certain key parts of our investment process (the "System"). The System includes an online questionnaire that helps us determine each client's investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. We will recommend a portfolio via the System in response to client answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but we then make the final decision and select a portfolio based on all the information we have about the client. The System also includes an automated investment engine through which we manage client portfolios on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

We charge clients a fee for our services as described under *Item 5 Fees and Compensation*. Our fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to Schwab as part of Wealth Accumulator. Schwab does receive other revenues, including (i) the profit earned by Charles Schwab Bank, a Schwab affiliate, on the allocation to the Schwab Intelligent Portfolios Sweep Program described in the Schwab Intelligent Portfolios Sweep Program Disclosure Statement; (ii) investment advisory and/or administrative service fees (or unitary fees) received by Charles Schwab Investment Management, Inc., a Schwab affiliate, from Schwab ETFs™, Schwab Funds® and Laudus Funds® that we select to buy and hold in the client's brokerage account; (iii) fees received by Schwab from third-party ETFs that participate in the Schwab ETF OneSource™ program and mutual funds in the Schwab Mutual Fund Marketplace® (including certain Schwab Funds and Laudus Funds) in the client's brokerage account for services Schwab provides; and (iv) remuneration Schwab may receive from the market centers where it routes ETF trade orders for execution.

### Credit and Cash Management Solutions

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions through UPTIQ Treasury & Credit Solutions, LLC (together with UPTIQ, Inc. and its affiliates, "UPTIQ") and Flourish Financial LLC ("Flourish"). Please see *Items 5 and 10* for a fuller discussion of these services and other important information.

## Focus Risk Solutions

We help our clients obtain certain insurance solutions from unaffiliated, third-party insurance brokers by introducing clients to our affiliate, Focus Risk Solutions, LLC (“FRS”), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. Please see *Items 5 and 10* for a fuller discussion of this service and other important information.

## Services to Retirement Plans

BFS Wealth Management advises certain retirement plan sponsors on the selection and monitoring of mutual funds offered to participant-directed retirement plans. Most of our Firm’s services to retirement plans are offered through BFS Institutional Services. The range of services we provide to retirement plans and our fiduciary responsibilities under ERISA are summarized in the BFS Institutional Services section below.

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

We offer the same suite of services to all of our clients. However, specific client services and their implementation are dependent upon your Investment Policy Statement, or suitability questionnaire, which outlines your current situation (income, tax levels, and risk tolerance levels) and is used to construct a specific plan to aid in the selection of a portfolio that matches your restrictions, needs, and targets. You can also receive investment advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, specific consultation regarding investment and financial concerns, or any other specific topic. Furthermore, the independent third-party money managers may have asset minimums imposed.

You may impose reasonable restrictions on investing in a particular security, a type of security, or industry sectors. You must notify us in writing of specific restrictions.

In performing our services, BFSG shall not be required to verify any information received from the client or from the client’s other professionals and is expressly authorized to rely thereon. Moreover, it remains each client’s responsibility to promptly notify BFSG if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

## **Miscellaneous**

**Retirement Rollovers (Potential for Conflict of Interest):** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer’s plan, if permitted, (ii) roll over the assets to the new employer’s plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account (“IRA”), or (iv) cash out the account value (which could, depending upon the client’s age, result in adverse tax consequences and penalties). If BFSG recommends that you roll over your retirement plan assets into an account to be managed by

BFSG, such a recommendation creates a conflict of interest if BFSG will earn new (or increase its current) compensation as a result of the rollover. When acting in such capacity, BFSG serves as a fiduciary under the Employee Retirement Income Security Act (ERISA), or the Internal Revenue Code (the “Code”), or both, which are laws governing retirement accounts. BFSG’s investment professionals will document and disclose the reasons that a recommendation to roll over assets is in your best interest. No client is under any obligation to roll over retirement plan assets to an account managed by BFSG. BFSG maintains policies and procedures designed to ensure adherence with the provisions under ERISA or the Code, or both. **BFSG’s Chief Compliance Officer, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.**

**Portfolio Activity:** BFSG has a fiduciary duty to provide services consistent with the client’s best interest. As part of its investment advisory services, BFSG will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, market conditions, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client’s investment objective. Based upon these factors, there may be extended periods of time when BFSG determines that changes to a client’s portfolio are neither necessary nor prudent. Clients remain subject to the fees described in *Item 5* below during periods of account inactivity. Of course, as indicated below, there can be no assurance that investment decisions made by BFSG will be profitable or equal any specific performance level(s).

**Held-Away Accounts:** We implement investment advice on behalf of certain clients in held-away accounts that are maintained at independent third-party custodians. These held-away accounts are often 401(k) accounts, 529 plans and other assets that are not held at our primary custodian(s). The data aggregation platform that we use for held-away accounts is provided by ByAllAccounts, a product of Morningstar, Inc. Once the client’s account(s) is connected to the ByAllAccounts platform, we will review the client’s current account allocations. We will rebalance the connected outside accounts consistent with the client’s investment goals and risk tolerance. Client account(s) will be reviewed at least quarterly. We review, monitor, and manage these held-away accounts in an integrated way with client accounts held at our clients’ primary custodian(s). Further information about this service is available in *Item 5*.

**Custodian Charges/Additional Fees:** As discussed below in *Item 12* below, when requested to recommend a broker-dealer/custodian for client accounts, BFSG generally recommends that Fidelity or Schwab serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Fidelity and Schwab charge transaction fees for effecting certain securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). The types of securities for which transaction fees, commissions, and/or other type fees (as well as the amount of those fees) shall differ depending upon the broker-dealer/custodian. While certain custodians, including Schwab and Fidelity, generally (with potential exception) do not currently charge fees on individual equity transactions (including ETFs), others do. Please Note: there can be no assurance that Schwab and/or Fidelity will not change their transaction fee pricing in the future. Please Also

Note: Fidelity and Schwab may also assess fees to clients who elect to receive trade confirmations and account statements by regular mail rather than electronically. In addition to BFG's investment advisory fee referenced in *Item 5* below, the client will also incur transaction fees to purchase securities for the client's account (i.e. primarily certain mutual funds). **BFG's Chief Compliance Officer, remains available to address any questions that a client or prospective client may have regarding the above.**

## ***BFS Institutional Services***

Using the standards set forth in governing law, such as the Employee Retirement Income Security Act (ERISA), California Constitution, Government Code, and the Uniform Prudent Management of Institutional Funds Act (UPMIFA), BFS Institutional Services advises plan sponsors, committees, and fiduciaries in understanding and addressing responsibilities to their plan, participants, and beneficiaries.

We emphasize the development and implementation of proactive prudent processes which help fiduciaries provide participants an effective retirement tool, while lowering or limiting their liability. Our team-based approach helps each of our clients have access to the knowledge and expertise of our experienced retirement and investment professionals. We realize that the retirement plan and institutional marketplace is constantly changing, and therefore keeping clients informed is of critical importance.

### Pension Consulting Services

We offer the following services to retirement plan sponsors:

#### **Investment & Compliance Consulting**

We offer ongoing investment and compliance consulting services, which include, but are not limited to, formalizing committee processes, reviewing and recommending investment managers, quarterly investment reviews, annual review of plan costs/revenues and fiduciary education. Unless our discretionary service is used, the retirement plan sponsor retains and exercises, the final decision-making authority for implementing or rejecting our recommendations with respect to investment selection and de-selection. We acknowledge that we are a fiduciary within the meaning of Section 3(21) of ERISA (but only with respect to the provision of services described in the Consulting Agreement with you).

#### **Vendor Search & Selection/Benchmarking**

We assist retirement plan sponsors with vendor search and selection processes, including:

- Customize Request for Proposal (RFP) based upon client's needs and objectives
- Develop list of vendor candidates to send RFP
- Prepare provider analysis with proprietary scoring methodology

## **Fiduciary Structure & Cost Assessment**

We review service provider arrangements, fiduciary procedural prudence and benchmark plan costs and revenues.

- Outline all plan-related costs and revenues back to service providers
- Provide comparison on Plan costs and revenues for benchmarking purposes
- Review plan design and features
- Provide options for potential revenue recapture options, if applicable

## **Discretionary Fiduciary Services**

We accept discretionary fiduciary responsibility within the meaning of Section 3(38) of ERISA for the investment selection and monitoring process of investment options in a retirement plan (with the exception of company stock) consistent with the investment objective designated by the Plan trustees. In such engagements, BFSG will serve as an investment fiduciary as that term is defined under The Employee Retirement Income Security Act of 1974 (“ERISA”) and make the investment decisions in its sole discretion without the retirement plan sponsor’s prior approval. BFSG will generally provide services on an “assets under management” fee basis per the terms and conditions of a written agreement between the Plan and the Firm.

## **Participant Education/Communication**

We can also provide investment advisory and consulting services to participant directed retirement plans per the terms and conditions of a Retirement Plan Services Agreement with the plan. For such engagements, we shall assist the Plan sponsor with the selection of an investment platform from which Plan participants shall make their respective investment choices (which may include investment strategies devised and managed by us), and, to the extent engaged to do so, may also provide corresponding education to assist the participants with their decision-making process.

Specifically, we create and deliver educational workshops and enrollment meetings for plan participants under the terms of the Consulting Agreement.

- Create and deliver educational workshops for plan participants
- Prepare customized participant communications
- Conduct enrollment meetings
- One-on-one participant consultations and financial planning (the range of financial planning services we provide to plan participants are summarized in the BFS Wealth Management Services section above and as specified under the terms of the Consulting Agreement with you)

## **Fiduciary Services**

BFSG is a fiduciary under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) with respect to investment management services and investment advice provided to ERISA plans and ERISA plan participants. BFSG is also a fiduciary under section 4975 of the Internal Revenue Code of 1986, as amended (the “IRC”) with respect to investment management services and investment advice provided to ERISA plans, ERISA plan participants, and individual retirement accounts (“IRAs”). As such, BFSG is subject to specific duties and obligations under ERISA and the IRC, as applicable, that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice, the fiduciary must either avoid certain conflicts of interest or rely upon an applicable prohibited transaction exemption (a “PTE”).

As a fiduciary, we have duties of care and of loyalty to you and are subject to obligations imposed on us by the federal and state securities laws. As a result, you have certain rights that you cannot waive or limit by contract. Nothing in our agreement with you should be interpreted as a limitation of our obligations under the federal and state securities laws or as a waiver of any unwaivable rights you possess.

## **Participant Directed Retirement Plans**

BFSG can also provide investment advisory and consulting services to participant directed retirement plans per the terms and conditions of a written agreement between BFSG and the plan. For such engagements, BFSG shall assist the Plan sponsor with the selection of an investment platform from which Plan participants shall make their respective investment choices (which may include investment strategies devised and managed by BFSG), and, to the extent engaged to do so, may also provide corresponding education to assist the participants with their decision-making process.

## **Managed Account Service**

Under our Managed Account Service, we are responsible for managing retirement plan participant accounts until the individual elects to discontinue the Managed Account Service. Eligible participants are enrolled in the Managed Account Service in accordance with rules established by the retirement plan sponsor. Based on personal criteria and financial information provided by the plan sponsor or by each participant, we select investment allocations on a discretionary basis using the investment options that are available within the retirement plan, as defined by the retirement plan sponsor. Company stock, brokerage account holdings, and certain specific other investments may be excluded from our recommendations. Excluded investments are taken into account when making allocation recommendations. Transaction instructions are then sent to the plan provider to implement our recommended retirement strategy in the participant’s plan account. A participant can elect to discontinue participating in the Managed Account Service at any time.

**Socially Responsible (ESG) Investing Limitations.** As noted above, we offer ESG portfolios. Socially Responsible Investing involves the incorporation of Environmental, Social and Governance (“ESG”) considerations into the investment due diligence process. ESG investing incorporates a set of criteria/factors used in evaluating potential investments: potential investments: Environmental (i.e., considers how a company safeguards the environment); Social (i.e., the manner in which a company manages relationships with its employees, customers, and the communities in which it operates); and Governance (i.e., company management considerations). The number of companies that meet an acceptable ESG mandate can be limited when compared to those that do not and could underperform broad market indices. Investors must accept these limitations, including potential for underperformance. Correspondingly, the number of ESG mutual funds and exchange-traded funds are limited when compared to those that do not maintain such a mandate. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by BFSG), there can be no assurance that investment in ESG securities or funds will be profitable or prove successful. BFSG generally relies on the assessments undertaken by the unaffiliated mutual fund, exchange traded fund or separate account portfolio manager to determine that the funds or portfolio’s underlying company securities meet a socially responsible mandate.

**Non-Discretionary Service Limitations.** Clients that determine to engage BFSG on a non-discretionary investment advisory basis must be willing to accept that BFSG cannot effect any account transactions without obtaining prior consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, BFSG will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client’s consent.

**Portfolio Activity.** BFSG has a fiduciary duty to provide services consistent with the client’s best interest. BFSG will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, market conditions, fund manager tenure, style drift, account additions or /withdrawals, and/or a change in the client’s investment objective. Based upon these factors, there may be extended periods of time when BFSG determines that changes to a client’s portfolio are unnecessary. Clients remain subject to the fees described in Item 5 below during periods of portfolio inactivity. Of course, as indicated below, there can be no assurance that investment decisions made by BFSG will be profitable or equal any specific performance level(s).

**Cash Sweep Accounts.** Account custodians generally require that cash proceeds from account transactions or cash deposits be swept into and/or initially maintained in the custodian’s sweep account. The yield on the sweep account is generally lower than those available in money market accounts. To help mitigate this issue, BFSG shall generally purchase a higher yielding money market fund available on the custodian’s platform with cash proceeds or deposits, unless BFSG reasonably anticipates that it will utilize the cash proceeds during the subsequent 30-day period to purchase additional investments for the client’s account. Exceptions and/or modifications can and will occur with respect to all or a portion of the cash balances for various reasons, including, but not limited to, the amount of dispersion between the sweep account and a money market



fund, the size of the cash balance, an indication from the client of an imminent need for such cash, or the client has a demonstrated history of writing checks from the account.

**Please Note:** The above does not apply to the cash component maintained within the BFSG's actively managed investment strategy (the cash balances for which shall generally remain in the custodian designated cash sweep account), an indication from the client of a need for access to such cash, assets allocated to an unaffiliated investment manager, and cash balances maintained for fee billing purposes. **Please Also Note:** The client shall remain exclusively responsible for yield dispersion/cash balance decisions and corresponding transactions for cash balances maintained in any of BFSG's unmanaged accounts.

**Please Note: Cash Positions.** BFSG continues to treat cash as an asset class. As such, unless determined to the contrary by BFSG, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating BFSG's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), BFSG may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, BFSG's advisory fee could exceed the interest paid by the client's money market fund.

**eMoney and MoneyGuidePro Financial Planning Platforms.** BFSG may provide its clients with access to an online platform hosted by third party vendors. These platforms allow a client to view their complete asset allocation, including those assets that BFSG does not manage (the "Excluded Assets"). BFSG does not provide investment management, monitoring, or implementation services for the Excluded Assets. Unless otherwise specifically agreed to, in writing, BFSG's service relative to the Excluded Assets is limited to reporting only. Therefore, BFSG shall not be responsible for the investment performance of the Excluded Assets. Rather, the client and/or their advisor(s) that maintain management authority for the Excluded Assets, and not BFSG, shall be exclusively responsible for such investment performance.

Without limiting the above, BFSG shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. The client may choose to engage BFSG to manage some or all of the Excluded Assets pursuant to the terms and conditions of an advisory agreement between BFSG and the client.

These platforms also provides access to other types of information and applications including financial planning concepts and functionality, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by BFSG. Finally, BFSG shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the platforms without BFSG's assistance or oversight.

**Client Obligations.** In performing our services, BFSG shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. Moreover, it remains each client's responsibility to promptly notify

BFSG if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by BFSG) will be profitable or equal any specific performance level(s).

**Disclosure Brochure.** A copy of the BFSG's written Brochure as set forth on Part 2A of Form ADV and Form CRS (Client Relationship Summary) shall be provided to each client prior to, or contemporaneously with, the execution of an agreement between the client and the BFSG.

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

For clients in our Managed Accounts Service, specific participant services and their implementation are dependent upon the participant's current situation (years until retirement and risk tolerance levels) and is used to construct a participant-specific portfolio that matches restrictions, needs, and targets. For clients in our Pension Consulting, we offer general investment advice. For clients using our Discretionary Fiduciary Services, we usually allow clients to impose restrictions on investing in certain asset classes.

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

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How we are paid depends on the type of advisory service we are performing.

### **Investment Portfolio Management Fees**

Our annual fees for Investment Portfolio Management Services are based upon a percentage of assets under management and generally range from **0.25% to 1.25%** depending on the scope of the services to be provided, the investment strategies implemented (individual publicly listed stocks versus exchange traded funds and/or mutual fund only strategies) and the complexity of your financial situation. A total minimum fee of up to **\$5,500/year** is required for this service. The specific annual fee schedule and minimum fee is identified in the contract between us and you. In a few situations, the fees can exceed 1.25% due to the minimum fee charged as a percentage of the assets under management.

For certain clients, we charge an advisory fee for services provided to the held-away accounts mentioned above in *Item 4*, just as we do with client accounts held at our primary custodians(s). The specific fee schedule charged by us is provided in the client's investment advisory agreement with us.

Certain clients are charged fixed fees ranging from **\$300 to \$3,000**. This fixed fee depends on account size (i.e., small accounts such as 529 educational plans) and the complexity of the needs of the client (i.e., deferred retirement plan accounts). The specific fixed fee is identified in the contract between us and you. We will not increase our fee without giving prior written notification to you.

*Limited Negotiability of Advisory Fees:* We retain the discretion to negotiate fees on a client-by-client basis and to waive minimum fees. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition, and reports, among other factors. Discounts and/or fee waivers, not generally available to our advisory clients, are offered to family members and friends of associated persons of our firm. We retain the discretion to group certain related client accounts for the purposes of determining the annualized fee and to give fee breakpoints based on the amount of total assets in the group. BFSG seeks to develop and maintain a strong culture of client service and responsiveness. As such, BFSG will from time to time refund the entirety, or a portion, of a client's fee at its discretion due to a variety of issues that fall outside of what would be considered a trading error. Advisory fees will vary among clients and clients obtained through a merger are subject to a different fee schedule.

Fees are payable as specified in our contract with you, within the first 10 business days of the calendar quarter. Fees are billed quarterly in advance or quarterly in arrears as specified in our contract with you. You will be given an invoice at the end of each quarter for investment portfolio management services provided. Fees are typically automatically deducted from your account each quarter. In certain instances, such as when your account is a retirement plan, we may bill you so as not to use assets in deferred tax accounts for fees. Fees are prorated for accounts opened during the quarter based on the number of days that the account was open during the quarter as specified in the contract between us and you.

We determine fees based on the market value of your account's assets as of the last business day of the prior calendar quarter. We will make a good faith determination of the market value of any security which does not have a readily ascertainable market value. In such cases, we generally rely on valuations provided by the Fund sponsor in making our fair value determination. If no subsequent valuation post purchase is provided by the Fund sponsor, then the valuation shall reflect initial purchase price (and/or a value as of a previous date), the current value(s) (either the initial purchase price and/or the most recent valuation provided by the Fund sponsor). If the valuation reflects initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be significantly more or less than original purchase price.

Cash and cash equivalents, accrued but unpaid interest, and margin balances are included in the market value on which fees are assessed, unless otherwise specified in writing between us and you. We consider cash and cash equivalents to be an asset class and cash balances are included in the calculation of our fee. Our fees will be calculated based on the higher margin value of the assets under management. **(Potential for Conflict of Interest):** At times your fee will exceed the

yield of various cash and cash equivalent investments. We have a disincentive to encourage you to trim or eliminate the margin balance because we earn a higher fee. BFSG has a fiduciary duty to provide advice consistent with your best interest.

The market value reflected on periodic account statements issued by the account custodian may differ from the value used by BFSG for its advisory fee billing process. BFSG includes the accrued value of certain month or quarter-end interest and/or dividend payments when calculating client advisory fees, which amounts may not yet be reflected on the custodian statement as having been received by the account.

If any portion of your assets is managed by independent third-party money managers, you will be responsible for the fees of those managers, in addition to our fees. We do not control the fees or the billing arrangements of certain selected independent third-party money managers. For a complete description of the fee arrangement including billing practices, minimum account requirements, and account termination provisions, you should review the selected manager's Form ADV Part 2A or other disclosure document.

### **Automated Investment Program Fees**

Annual fees for our Automated Investment Program ("Wealth Accumulator") are based upon a percentage of assets under management and generally range from **0.50% to 0.85%**. The specific annual fee schedule and minimum fee is identified in the contract between us and you. We will not increase our fee without giving prior written notification to you. The minimum investment required to open an account in Wealth Accumulator is **\$5,000/year**. The minimum account balance to enroll in the tax-loss harvesting feature is \$50,000. Our fees are not set or supervised by Schwab.

As described in *Item 4 Advisory Business*, clients do not pay fees to SPT or brokerage commissions or other fees to Schwab as part of Wealth Accumulator. Schwab does receive other revenues, including (i) the profit earned by Charles Schwab Bank, a Schwab affiliate, on the allocation to the Schwab Intelligent Portfolios Sweep Program described in the Schwab Intelligent Portfolios Sweep Program Disclosure Statement; (ii) investment advisory and/or administrative service fees (or unitary fees) received by Charles Schwab Investment Management, Inc., a Schwab affiliate, from Schwab ETFs™, Schwab Funds® and Laudus Funds® that we select to buy and hold in the client's brokerage account; (iii) fees received by Schwab from third-party ETFs that participate in the Schwab ETF OneSource™ program and mutual funds in the Schwab Mutual Fund Marketplace® (including certain Schwab Funds and Laudus Funds) in the client's brokerage account for services Schwab provides; and (iv) remuneration Schwab may receive from the market centers where it routes ETF trade orders for execution. Brokerage arrangements are further described below in *Item 12 Brokerage Practices*.

*Limited Negotiability of Advisory Fees:* We retain the discretion to negotiate fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management,

anticipated future additional assets, related accounts, portfolio style, account composition, and reports, among other factors. Discounts and/or fee waivers, not generally available to our advisory clients, are offered to family members and friends of associated persons of our firm. We retain the discretion to group certain related client accounts for the purposes of determining the annualized fee and to give fee breakpoints based on the amount of total assets in the group. BFSG seeks to develop and maintain a strong culture of client service and responsiveness. As such, BFSG will from time to time refund the entirety, or a portion, of a client's fee at its discretion due to a variety of issues that fall outside of what would be considered a trading error. Advisory fees will vary among clients.

Cash and cash equivalents are included in the market value on which fees are assessed, unless otherwise specified in writing between us and you. We consider cash and cash equivalents to be an asset class and cash balances are included in the calculation of our fee. **(Potential for Conflict of Interest):** At times your fee will exceed the yield of various cash and cash equivalent investments.

The market value reflected on periodic account statements issued by the account custodian may differ from the value used by BFSG for its advisory fee billing process. BFSG includes the accrued value of certain month or quarter-end interest and/or dividend payments when calculating client advisory fees, which amounts may not yet be reflected on the custodian statement as having been received by the account.

Fees are payable as specified in our contract with you, within the first 10 business days of the calendar quarter. Fees are billed quarterly in advance or quarterly in arrears as specified in our contract with you. You will be given an invoice at the end of each quarter for investment portfolio management services provided. Fees are automatically deducted from your account each quarter. Fees are prorated for accounts opened during the quarter based on the number of days that the account was open during the quarter as specified in the contract between us and you.

We determine fees based on your account's asset value as of the last business day of the prior calendar quarter.

## Credit and Cash Management Solutions

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions through UPTIQ Treasury & Credit Solutions, LLC (together with UPTIQ, Inc. and its affiliates, "UPTIQ") and Flourish Financial LLC ("Flourish"). Focus Financial Partners, LLC ("Focus") is a minority investor in UPTIQ, Inc. UPTIQ is compensated by sharing in the revenue earned by such third-party financial institutions for serving our clients. Although the revenue paid to UPTIQ benefits UPTIQ Inc.'s investors, including Focus, our parent company, no Focus affiliate will receive any compensation from UPTIQ or Flourish that is attributable to our clients' transactions. Further information on this conflict of interest is available in *Item 10* of this Brochure.

## Focus Risk Solutions

We help our clients obtain certain insurance solutions from unaffiliated, third-party insurance brokers by introducing clients to our affiliate, Focus Risk Solutions, LLC (“FRS”), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. FRS has arrangements with certain third-party insurance brokers (the “Brokers”) under which the Brokers assist our clients with regulated insurance sales activity. FRS does not receive any compensation from such third-party insurance brokers from serving our clients. Further information on this service is available in *Item 10* of this Brochure.

## Financial Planning Hourly Fee

As discussed above, basic financial planning services are included, for no additional fee, in the services we offer to our clients who engage us to provide portfolio management services (exceptions do occur based upon assets under management, certain investment offerings such as our Automated Investment Program services, special projects, stand-alone planning engagements, etc., for which BFG may charge a separate or additional fee).

When we do offer financial planning on a standalone basis, our Financial Planning fee rates are negotiable and generally range from **\$50-\$350 per hour**, depending on the complexity of the Financial Plan and the experience level of the financial planner. Fees are agreed upon and specified in the financial planning contract with you. Although the length of time it will take to provide a Financial Plan will depend on your personal situation, we will provide an estimate for the total hours at the start of the advisory relationship. A \$1000 deposit or a deposit equal to half of the total fees may be required depending on the amount of necessary up-front work to be completed (data gathering, interviews, etc.) as specified in the contract with you. We consider fees for financial planning to be earned as progress is realized toward creation of the plan or completion of the service. You will be billed monthly in arrears based on actual hours expended. Any balance is due 30 days after completion of the service.

If you are not a client engaged in our portfolio management services, we reserve the discretion to reduce or waive the hourly fee if you choose to engage us for our portfolio management services.

## Pension Consulting Fees

Fees for our pension consulting arrangements are asset-based, fixed or hourly. BFS Wealth Management typically charges asset-based pension consulting fees, and BFS Institutional Services typically charges fixed or hourly pension consulting fees.

Asset-based fees are determined on a case-by-case basis, after considering various factors such as our fiduciary responsibility, complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, account composition, and reports to be

provided as part of our services. Fees generally range from **0.35% to 0.55%** on plan assets per year. Asset-based fees are payable in the manner specified in our contract with the retirement plan sponsor, and generally are monthly or quarterly in arrears. BFS Wealth Management's fees for Pension Consulting services are paid to us by the retirement plan sponsor, who shares with our firm a percentage of the fees received from you.

Fixed fees and hourly fees are determined on a case-by-case basis, after considering various factors such as the complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, account composition, financial planning services, and reports to be provided as part of our services. The total estimated fee, as well as the ultimate fee that we charge clients, is based on the scope and complexity of our engagement with each client. How clients pay their respective fees is determined on a case-by-case basis. Clients will be invoiced directly for the fees.

Retirement plan participants will receive a separate disclosure document describing the fee paid to us by such retirement plan sponsor. Participants should refer to the retirement plan sponsors' disclosure document for information regarding its fees, billing practices, minimum required investments and termination of pension consulting agreements.

### **Investment & Compliance Consulting**

The annual fixed fee ranges from **\$5,000 to \$200,000**, paid quarterly in arrears; and asset-based fees range from **0.01% to 0.75%** of average annual plan assets paid quarterly in arrears.

In addition, an hourly rate of \$100 may be charged for any consulting services provided in a settlor capacity, which would be billed quarterly in arrears.

### **Vendor Search & Selection/Benchmarking**

Fees range from **\$5,000 to \$50,000 per project**. Half of the fee is due up-front and the rest upon completion as specified in the contract with you.

### **Fiduciary Structure & Cost Assessment**

Fees range from **\$2,500 to \$5,000 per project** and are paid upon completion.

### **Discretionary Fiduciary Services**

Fees range from **0.01% to 0.50%** on plan assets per year and are paid quarterly in arrears.

### **Participant Education/Communication**

Fees range from **\$500 to \$2,000 per meeting day** and are paid upon completion. Please note: These services may be outsourced to an independent third-party.

## Financial Planning

The annual fixed fee ranges from **\$5,000 to \$100,000**, paid quarterly in arrears. Basic financial planning services to plan participants may be included in the services we offer to our clients who engage us to provide pension consulting services as specified in the contract between us and you.

## Managed Account Service

The Managed Account Service fee is part of an overall service contract with the plan sponsor and is typically between **0.02% and 0.10%** on plan assets per year, billed quarterly in arrears. Certain clients are charged fixed annual fees upward to **\$25,000**. The specific fixed fee is identified in the contract between us and you.

Fees are determined on a case-by-case basis, after considering various factors such as our fiduciary responsibility, complexity of the client, assets to be placed under management, anticipated future additional assets, related accounts, account composition, and reports to be provided as part of our services. It is not charged on an individual basis or affected by the number of people who enroll in the Service.

## Termination of the Advisory Relationship

You will have a period of five (5) business days from the date of signing the client agreement to terminate the agreement and receive a full refund of all fees. Thereafter, a client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. In the event of termination, all fees for services rendered shall be due and payable by you, including the notification period from the receipt of the written termination notice. If your account is billed in advance, any prepaid, unearned fees will be promptly refunded. In calculating a reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period plus the notification period from the receipt of the written termination notice.

You will have a period of five (5) business days from the date of signing a financial planning agreement to terminate the agreement and receive a full refund of all fees. Thereafter, a financial planning agreement may be canceled at any time, by either party, for any reason upon receipt of written notice. In the event of termination, all fees for bona-fide financial planning services rendered shall be due and payable by you.

## Other Types of Fees and Expenses

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts



and securities transactions. In addition to our fee, clients are responsible for the fees of any independent third-party money managers engaged to manage a portion of their assets. Mutual fund and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs.

*Item 12* further describes the factors that we consider in selecting or recommending broker-dealers for client's transactions and determining the reasonableness of their compensation (i.e., commissions).

We do not 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. We do not offer proprietary products or receive third party payments with respect to the investment advice provided.

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

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We do not offer performance-based fees.

## Item 7: Types of Clients

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BFSG primarily serves individuals, trusts, charitable organizations, family entities, and corporate entities, including ERISA retirement plans. We retain the discretion to negotiate fees on a client-by-client basis or waive our fee entirely based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, grandfathered fee schedules, BFSG employees and family members, courtesy accounts, competition, negotiations with client, etc.). **Please Note:** As result of the above, similarly situated clients will pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. **BFSG's Chief Compliance Officer, remains available to address any questions that a client or prospective client may have regarding advisory fees.**

Clients eligible to enroll in the Automated Investment Program ("Wealth Accumulator") include individuals, IRAs, and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), are not eligible for the Program.

As previously disclosed in *Item 5*, for Wealth Accumulator, the minimum investment required to open an account is **\$5,000**. The minimum account balance to enroll in the tax-loss harvesting feature is \$50,000.

In addition, as specified in our contract with you, we may have a minimum account fee that could make smaller-sized accounts less economical for clients based on the nature of the service(s) being provided.

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

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### Overview

We invest client assets primarily in open-end mutual funds, exchange-traded funds (“ETFs”), collective investment trusts (“CITs”), equity securities of individual companies of all market capitalizations, and individual bonds. Our firm has an investment committee, and each division has an investment committee overseeing our investment management processes. Within BFS Wealth Management, there are various sub-investment committees depending on the overall investment management strategy being implemented. The divisions have the same methodology for ranking mutual funds, and the sub-investment committees share information, but at present have separate decision-making processes. BFS Wealth Management manages client assets to investment models. BFS Institutional consultants work with clients to develop a customized Investment Policy Statement (“IPS”) to provide structural guidance on the selection and de-selection of investment offerings and also provides recommendations as an ERISA 3(21) Fiduciary or ERISA 3(38) Fiduciary.

### Methods of Analysis

**Fundamental analysis** involves analyzing individual companies and their industry groups, such as a company’s financial statements, details regarding the company’s product line, the experience, and expertise of the company’s management, and the outlook for the company’s industry. The resulting data is used to measure the true value of the company’s stock (“intrinsic value”) compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock’s value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Quantitative analysis** uses mathematical models in an attempt to obtain more accurate measurements of a company’s quantifiable data, such as the value of share price or earnings per share and predict changes to that data. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

**Qualitative analysis** involves subjective evaluation of non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily

subject to measurement and predict changes to share price based on that data. A risk in using qualitative analysis is that our subjective judgement may prove incorrect.

**Technical analysis** involves using chart patterns, momentum, volume, and relative strength in an effort to pick sectors that may outperform market indices. However, there is no assurance of accurate forecasts or that trends will develop in the markets we follow. In the past, there have been periods without discernible trends and similar periods will presumably occur in the future. Even where major trends develop, outside factors like government intervention could potentially shorten them.

Furthermore, one limitation of technical analysis is that it requires price movement data, which can translate into price trends sufficient to dictate a market entry or exit decision. In a trendless or erratic market, a technical method may fail to identify trends requiring action. In addition, technical methods may overreact to minor price movements, establishing positions contrary to overall price trends, which may result in losses. Finally, a technical trading method may underperform other trading methods when fundamental factors dominate price moves within a given market.

**Mutual Fund, Collective Investment Trusts (“CIT”) and Exchange-Traded Fund (“ETF”) analysis** involves analyzing funds from both a qualitative and quantitative perspective based on historical and present data. Quantitative criteria may include analysis of absolute and risk-adjusted performance, style metrics, risk metrics, tracking error, and expenses. Qualitative criteria may include consideration of asset base, average credit quality, individual holding concentration, portfolio turnover, median market capitalization, fund philosophy, firm structure, and fund management. Risks of fund analysis include the risks in the underlying assets they hold, and that, as in all securities investments, past performance does not guarantee future results. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund.

**Environmental, Social, and Governance (“ESG”) analysis** involves analyzing funds (mutual funds and ETFs), equity securities of individual companies, and individual bonds from both a qualitative and quantitative perspective based on historical and present data. Quantitative criteria may include screening of securities/funds with ESG attributes and factors, the avoidance of securities/funds violating certain ESG principles, absolute and risk-adjusted performance, style metrics, risk metrics, tracking error, and expenses. Qualitative criteria may include consideration of asset base, average credit quality, individual holding concentration, portfolio turnover, median market capitalization, fund philosophy, firm structure, and fund management.

A fund's ESG investment strategy limits the types and number of investment opportunities available to the fund and, as a result, the fund may underperform other funds that do not have an ESG focus. A fund's ESG investment strategy may result in the fund investing in securities or industry sectors that underperform the market as a whole or underperform other funds screened for ESG standards. Correspondingly, the number of ESG mutual funds and exchange-traded funds are few when compared to those that do not maintain such a mandate. Risks of fund analysis include the risks in the underlying assets they hold, and that, as in all securities investments, past

performance does not guarantee future results. There is also a risk that a manager may deviate from the stated ESG investment mandate or strategy of the fund.

**Asset Allocation** is the attempt to identify an appropriate ratio of equities, fixed income, and cash suitable to your investment goals and risk tolerance. A risk of asset allocation is that you may not participate in sharp increases in the value of a particular security, industry, or market sector. Another risk is that the ratio of equities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for your goals.

**Independent Third-Party Money Manager analysis:** As discussed in *Item 4*, we recommend that certain clients invest a portion of their assets with independent third-party money managers. Our analysis of independent third-party money managers involves the examination of the experience, expertise, investment philosophies, and past performance of the independent third-party money managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations, and leverage as part of our overall periodic risk assessment. A risk of investing with an independent third-party money manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in an independent third-party money manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory, or reputational deficiencies.

**Private Investment Funds:** As discussed in *Item 4*, we recommend that certain clients invest a portion of their assets with unaffiliated private investment funds. Our analysis of unaffiliated private investment funds involves the type of offering including risks, time horizon, use of leverage, and liquidity issues, the examination of the experience, expertise, investment philosophies, and past performance of the unaffiliated private investment fund manager in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. A risk of investing with an unaffiliated private investment fund who has been successful in the past is that he/she may not be able to replicate that success in the future. Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents. BFSG will only recommend private funds to those clients for whom it reasonably believes such an investment to be suitable, given the client's total portfolio, risk parameters and liquidity needs.

**Options Strategies:** BFSG may engage in options transactions (or engage an independent investment manager to do so) generally for the purpose of hedging risk and/or generating portfolio income. The use of options transactions as an investment strategy can involve a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During

the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security, depending upon the nature of the option contract. Generally, the purchase or sale of an option contract shall be with the intent of “hedging” a potential market risk in a client’s portfolio and/or generating income for a client’s portfolio. **Please Note:** Certain options-related strategies (i.e., straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct BFG, in writing, not to employ any or all such strategies for his/her/their/its accounts.

#### **Covered Call Writing.**

Covered call writing is the sale of in-, at-, or out-of-the-money call options against a long security position held in a client portfolio. This type of transaction is intended to generate income. It also serves to create partial downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced or lost to the extent it is determined to buy back the option position before its expiration. There can be no assurance that the security will not be called away by the option buyer, which will result in the client (option writer) to lose ownership in the security and incur potential unintended tax consequences. Covered call strategies are generally better suited for positions with lower price volatility.

#### **Long Put Option Purchases.**

Long put option purchases allow the option holder to sell or “put” the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long-put option can increase in value depending upon the strike price and expiration. Long puts are often used to hedge a long stock position to protect against downside risk. The security/portfolio could still experience losses depending on the quantity of the puts bought, strike price and expiration. In the event that the security is put to the option holder, it will result in the client (option seller) to lose ownership in the security and to incur potential unintended tax consequences. Options are wasting assets and expire (usually within months of issuance).

**Please Note:** There can be no guarantee that an options strategy will achieve its objective or prove successful. No client is under any obligation to enter into any option transactions. However, if the client does so, he/she must be prepared to accept the potential for unintended or undesired consequences (i.e., losing ownership of the security, incurring capital gains taxes).

**ANY QUESTIONS:** BFG’s Chief Compliance Officer, Michael Allbee, remains available to address any questions that a client or prospective client may have regarding options.

## **Investment Strategies We Use**

We select or recommend mutual funds, CITs, and ETFs after ranking them using manager data from Morningstar and Bloomberg, weighting the data using the Firm’s proprietary criteria and

calculating the results in an Excel spreadsheet. In support of the selection of equity securities, we maintain the analysis showing the valuation/technical metrics supporting the investment recommendations of securities we have purchased or sold. We typically purchase equity securities with the idea of holding them in your account for a year or longer. However, as previously mentioned, certain strategies we use may use technical analysis and the holding period may be shorter.

### **Wealth Accumulator**

With respect to our Automated Investment Program, each client's investment objectives and risk tolerance is determined through an online questionnaire. Once determined, the client selects an appropriate investment strategy and portfolio, but we then make the final decision and select a portfolio based on all the information we have about the client. We typically use a long-term purchase strategy, securities held for at least a year, to meet our clients' objectives and risk tolerance.

### **Managed Account Service**

With respect to our Managed Account Service offered by BFS Institutional Services, each individual retirement plan participant has certain preferences, a time horizon, current investment balances, current savings rates, expected benefits (i.e., Social Security), and tax rates. Our recommended investment strategy is to provide the investment allocation that enables an individual to reach the retirement income goal with the least amount of risk. Once the risk level is determined, we select the allocation of investments that is expected to match the risk level based upon the investment's style, expected return, and expected risk.

### **Material Risks Involved**

**All investing strategies we offer involve risk and may result in a loss of the original investment which clients should be prepared to bear. We ask that you work with us to help us understand your tolerance for risk.** Many of these risks apply equally to stocks, bonds, commodities and any other investment or security. Material risks associated with our investment strategies are listed below.

**Market Risk:** Market risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the value of the investment regardless of the operational success of the issuer's operations or its financial condition.

**Strategy Risk:** The Adviser's investment strategies and/or investment techniques may not work as intended.

**Small and Medium Cap Company Risk:** Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small

and medium cap companies may face a greater risk of business failure, which could increase the volatility of the client's portfolio.

**Turnover Risk:** At times, the technical analysis strategy may have a portfolio turnover rate that is higher than other strategies. A high portfolio turnover may result in the distribution of additional capital gains for tax purposes. These factors may negatively affect the account's performance.

**Limited Markets:** Certain securities may be less liquid (harder to sell or buy) and their prices may at times be more volatile than at other times. Under certain market conditions we may be unable to sell or liquidate investments at prices we consider reasonable or favorable or find buyers at any price.

**Concentration Risk:** Certain investment strategies focus on particular asset-classes, industries, sectors or types of investment. From time to time these strategies may be subject to greater risks of adverse developments in such areas of focus than a strategy that is more broadly diversified across a wider variety of investments.

**Interest Rate Risk:** Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

**Legal or Legislative Risk:** Legislative changes or Court rulings may impact the value of investments, or the securities' claim on the issuer's assets and finances.

**Inflation:** Inflation may erode the buying-power of an investment portfolio, even if the dollar value of the investments remains the same.

**Aggregated Portfolio Management:** When you have more than one account you own or in which you have a material beneficial financial interest, it is generally recommended that the accounts be managed in the context of an aggregated, integrated portfolio, and not as stand-alone individual portfolios. The purpose of this is to attempt to optimize aggregate portfolio results, improve tax efficiency, minimize portfolio turnover, and control expenses. The risk to this strategy includes returns that may vary materially in individual accounts because we will allocate assets to individual accounts as we see fit in your best interest. Aggregated portfolio management is not available for Wealth Accumulator.

**Client Investment Objectives and Strategies:** Clients' investments and investment returns typically will vary due to different client investment objectives and strategies. Conflicts may stem from clients' differing client investment objectives and strategies (i.e., certain client accounts may hold individual stocks while others may hold only mutual funds). We carefully manage your account based on your investment objective.

**Cybersecurity:** The computer systems, networks and devices used by BFSG and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

## **Risks Associated with Securities**

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

**Common Stocks** may go up and down in price quite dramatically, and in the event of an issuer's bankruptcy or restructuring could lose all value. A slower-growth or recessionary economic environment could have an adverse effect on the price of all stocks.

**Bonds** are debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero-coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

**Bank Obligations** including bonds and certificates of deposit may be vulnerable to setbacks or panics in the banking industry. Banks and other financial institutions are greatly affected by



interest rates and may be adversely affected by downturns in the U.S. and foreign economies or changes in banking regulations.

**Municipal Bonds** are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond's tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket. Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk.

**Private Investment Funds** generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to you in connection with any private fund investment we recommend. Unlike other liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. You will be required to complete a subscription agreement, pursuant to establishment that you are an accredited investor, and acknowledge and accept the various risk factors that are associated with such an investment as indicated in the offering memoranda.

**Investment Companies Risk.** When a client invests in open end mutual funds, CITs, interval mutual funds, or ETFs, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below its net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. The Adviser has no control over the risks taken by the underlying funds in which clients invest.

## Item 9: Disciplinary Information

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### **Criminal or Civil Actions**

We have not been involved in any criminal or civil action.

### **Administrative Enforcement Proceedings**

We have not been involved in administrative enforcement proceedings.

## Self-Regulatory Organization Enforcement Proceedings

We have not been involved in legal or disciplinary events that are material to a client's or prospective client's evaluation of BFSG or the integrity of its management.

## Item 10: Other Financial Industry Activities and Affiliations

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### Focus Financial Partners, LLC

As noted above in response to *Item 4*, certain investment vehicles affiliated with CD&R collectively are indirect majority owners of Focus LLC, and certain investment vehicles affiliated with Stone Point are indirect owners of Focus LLC. Because BFSG is an indirect, wholly-owned subsidiary of Focus LLC, CD&R and Stone Point investment vehicles are indirect owners of BFSG.

### BFSG, LLC Management Company

Pursuant to management agreement (the "Management Agreement") between BFSG, LLC, Focus and Retirement Plan Consulting Group, LLC (the "Management Company"), the Management Company has agreed to provide persons to serve as officers and leaders of BFSG, LLC who, in such capacity, will be responsible for the management, supervision and oversight of BFSG, LLC. John Campbell, Patrick Powers, Tina Schackman, Christopher Rowey, Darren Stewart, Steven Yamshon, Michael Allbee, and Grace Lau are the managing members of the Management Company. The Management Company does not provide investment advisory services. Management of other Focus Partners is not involved in the management of BFSG.

### Recommendations or Selections of Third-Party Service Providers

Under BFS Wealth Management's Pension Consulting program, we engage "turnkey" providers of retirement plan services, to be one of several service providers, to client retirement plans. In such circumstances, retirement plan clients remit a single fee to the turnkey service provider, who in turn remits our advisory fee to us. Our fees to participating retirement plans are not increased in any way as a result of this fee arrangement.

Compensation we receive may differ depending on the compensation arrangement with each "turnkey" retirement plan service provider. These compensation arrangements present a conflict of interest because we have a financial incentive to recommend the services of one "turnkey" retirement plan service provider over another and our compensation can vary depending on which "turnkey" retirement plan service provider is used. However, when recommending "turnkey" retirement plan service providers to a client, the client's best interest will be the main

determining factor for us. This relationship is disclosed to the client at the commencement of the Pension Consulting relationship. You are not obligated, contractually or otherwise, to use the services of any third-party service provider we recommend.

### **National Advisors Trust Company (“NATCO”)**

Grace Y. Lau, a Managing Principal, has a minority ownership interest in a savings and loan holding company, National Advisors Holding, Inc., a Delaware Corporation that formed a federally chartered trust company, National Advisors Trust Company (“NATCO”). NATCO is regulated by the Office of Thrift Supervision. The trust company provides a low-cost alternative to traditional trust service providers, and BFS Wealth Management refers clients to NATCO for trust, custody, and brokerage services. Grace Y. Lau maintains less than 5% ownership interest in National Advisors Holdings, Inc.

### **Managed Account Service**

We do not have to pay for Morningstar’s Advisor Managed Account Services so long as our clients (“Plan Sponsors”) collectively keep a total of at least \$40 million of their assets in Morningstar’s Advisor Managed Account Services. Beyond that, these services are not contingent upon us committing any specific amount of business to Morningstar. The annual minimum fee may give us an incentive to recommend that you maintain your account with Morningstar, based on our interest in receiving their services that benefit our business rather than based on your interest in receiving the best value in model portfolio services. This is a potential conflict of interest. Our selection is primarily supported by the scope, quality, and price of Morningstar’s services.

### **Credit and Cash Management Solutions**

We offer clients the option of obtaining certain financial solutions from unaffiliated third-party financial institutions through UPTIQ Treasury & Credit Solutions, LLC (together with UPTIQ, Inc. and its affiliates, “UPTIQ”) and Flourish Financial LLC (“Flourish”). These third-party financial institutions are banks and non-banks that offer credit and cash management solutions to our clients, as well as certain other unaffiliated third parties that provide administrative and settlement services to facilitate UPTIQ’s cash management solutions. UPTIQ acts as an intermediary to facilitate our clients’ access to these credit and cash management solutions. Flourish acts as an intermediary to facilitate our clients’ access to cash management solutions.

We are a wholly owned subsidiary of Focus Financial Partners, LLC (“Focus”). Focus is a minority investor in UPTIQ, Inc. UPTIQ is compensated by sharing in the revenue earned by such third-party financial institutions for serving our clients. Although the revenue paid to UPTIQ benefits UPTIQ Inc.’s investors, including Focus, no Focus affiliate will receive any compensation from UPTIQ that is attributable to our clients’ transactions. Additionally, no Focus affiliate will receive any compensation from Flourish that is attributable to our clients’ transactions.

For services provided by UPTIQ and Flourish to clients of other Focus firms and when legally permissible, UPTIQ and Flourish each shares a portion of this earned revenue with our affiliate, Focus Solutions Holdings, LLC (“FSH”). Such compensation to FSH is also revenue for FSH’s and our common parent company, Focus. This compensation to FSH does not come from credit or cash management solutions provided to any of our clients. However, the volume generated by our clients’ transactions allows Focus to negotiate better terms with UPTIQ and Flourish, which benefits Focus. We mitigate this conflict by: (1) fully and fairly disclosing the material facts concerning the above arrangements to our clients, including in this Brochure; and (2) offering UPTIQ’s and Flourish’s solutions to clients on a strictly nondiscretionary and fully disclosed basis, and not as part of any discretionary investment services. Additionally, we note that clients who use UPTIQ’s and Flourish’s services will receive product-specific disclosure from the third-party financial institutions and other unaffiliated third-party intermediaries that provide services to our clients.

We have an additional conflict of interest when we recommend credit solutions to our clients because our interest in continuing to receive investment advisory fees from client accounts gives us a financial incentive to recommend that clients borrow money rather than liquidate some or all of the assets we manage.

### Credit Solutions

Clients retain the right to pledge assets in accounts generally, subject to any restrictions imposed by clients’ custodians. While credit solution programs that we offer facilitate secured loans through third-party financial institutions, clients are free instead to work directly with institutions outside such programs. Because of the limited number of participating third-party financial institutions, clients may be limited in their ability to obtain as favorable loan terms as if the client were to work directly with other banks to negotiate loan terms or obtain other financial arrangements.

Clients should also understand that pledging assets in an account to secure a loan involves additional risk and restrictions. A third-party financial institution has the authority to liquidate all or part of the pledged securities at any time, without prior notice to clients and without their consent, to maintain required collateral levels. The third-party financial institution also has the right to call client loans and require repayment within a short period of time; if the client cannot repay the loan within the specified time period, the third-party financial institution will have the right to force the sale of pledged assets to repay those loans. Selling assets to maintain collateral levels or calling loans may result in asset sales and realized losses in a declining market, leading to the permanent loss of capital. These sales also may have adverse tax consequences. Interest payments and any other loan-related fees are borne by clients and are in addition to the advisory fees that clients pay us for managing assets, including assets that are pledged as collateral. The returns on pledged assets may be less than the account fees and interest paid by the account. Clients should consider carefully and skeptically any recommendation to pursue a more aggressive investment strategy in order to support the cost of borrowing, particularly the risks and costs of any such strategy. More generally, before borrowing funds, a client should carefully

review the loan agreement, loan application, and other forms and determine that the loan is consistent with the client's long-term financial goals and presents risks consistent with the client's financial circumstances and risk tolerance.

We use UPTIQ to facilitate credit solutions for our clients.

### Cash Management Solutions

For cash management programs, certain third-party intermediaries provide administrative and settlement services to our clients. Engaging the third-party financial institutions and other intermediaries to provide cash management solutions does not alter the manner in which we treat cash for billing purposes. Clients should understand that in rare circumstances, depending on interest rates and other economic and market factors, the yields on cash management solutions could be lower than the aggregate fees and expenses charged by the third-party financial institutions, the intermediaries referenced above, and us. Consequently, in these rare circumstances, a client could experience a negative overall investment return with respect to those cash investments. Nonetheless, it might still be reasonable for a client to participate in a cash management program if the client prefers to hold cash at the third-party financial institutions rather than at other financial institutions (e.g., to take advantage of FDIC insurance).

We use UPTIQ and Flourish to facilitate cash management solutions for our clients.

### **Focus Risk Solutions**

We help clients obtain certain insurance products from unaffiliated insurance companies by introducing clients to our affiliate, Focus Risk Solutions, LLC ("FRS"), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC ("Focus"). FRS acts as an intermediary to facilitate our clients' access to insurance products. FRS has agreements with certain third-party insurance brokers (the "Brokers") under which the Brokers assist our clients with regulated insurance sales activity.

Neither we nor FRS receives any compensation from the Brokers or any other third parties for providing insurance solutions to our clients. For services provided by FRS to clients of other Focus firms, FRS receives a percentage of the upfront commission or a percentage of the ongoing premiums for policies successfully placed with insurance carriers on behalf of referred clients, and such compensation to FRS is also revenue for our common parent company, Focus Financial Partners, LLC. However, this compensation to FRS does not come from insurance solutions provided to any of our clients. The volume generated by our clients' transactions does benefit FRS and Focus in attracting, retaining, and negotiating with the Brokers and insurance carriers. We mitigate this conflict by: (1) fully and fairly disclosing the material facts concerning the above arrangements to our clients, including in this Brochure; and (2) offering FRS solutions to clients on a strictly nondiscretionary and fully disclosed basis, and not as part of any discretionary investment services. Additionally, we note that clients who use FRS's services will receive

product-specific disclosure from the Brokers and insurance carriers and other unaffiliated third-party intermediaries that provide services to our clients.

The insurance premium is ultimately dictated by the insurance carrier, although in some circumstances the Brokers or FRS may have the ability to influence an insurance carrier to lower the premium of the policy. The final rate may be higher or lower than the prevailing market rate. We can offer no assurances that the rates offered to you by the insurance carrier are the lowest possible rates available in the marketplace.

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

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We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures with respect to transactions effected by our members, officers, and employees for their personal accounts. In order to monitor compliance with our personal trading policy, we have quarterly securities transaction reporting for all of our personnel.

### Code of Ethics Description

Our firm has established a Code of Ethics which applies to all of our supervised persons. As a fiduciary, it is our responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics, which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request. **Requests for a copy of our Code of Ethics may be sent to the Chief Compliance Officer at 2040 Main Street, Suite 720, Irvine, CA 92614.**

## **Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Neither our firm, its associates or any related person is authorized to recommend to a client, or effect a transaction for a client, involving any security in which our firm or a related person has a material financial interest, such as in the capacity as an underwriter, adviser to the issuer, etc.

## **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

Our firm and its supervised persons may buy or sell securities similar to, or different from, those we recommend to clients for their accounts. In an effort to reduce or eliminate certain conflicts of interest involving the firm or personal trading, our policy requires supervised persons to report their personal securities holdings and transactions to the Firm for compliance monitoring and requires supervised persons to obtain preclearance for certain securities transactions.

## **Investment Advice Relating to Retirement Accounts**

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.

In addition, and as required by this rule, we provide information regarding the services that we provide to you, and any material conflicts of interest, in this brochure and in your client agreement.

# Item 12: Brokerage Practices

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## Institutional Consulting Services

We do not recommend and/or use broker dealers in connection with the consulting services we provide to institutional clients. This brokerage practices section applies primarily to clients who are wealth management clients.

## Factors Used to Select Custodians and/or Broker-Dealers

BFSG 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. In the event that the client requests that BFSG recommend a broker-dealer/custodian for execution and/or custodial services, BFSG generally recommends that investment advisory accounts be maintained at Charles Schwab & Co., Inc. (“Schwab”) and/or Fidelity Institutional Brokerage Group, Inc. (“Fidelity”), registered broker-dealers and members SIPC. We are independently owned and operated and are not affiliated with Schwab or Fidelity. Prior to engaging BFSG to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with BFSG setting forth the terms and conditions under which BFSG shall advise on the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that BFSG considers in recommending Schwab and/or Fidelity (or any other broker-dealer/custodian to clients) include historical relationship with BFSG, financial strength, reputation, execution capabilities, pricing, research, and service. Although the transaction fees paid by BFSG's clients shall comply with BFSG's duty to obtain best execution, a client may pay a transaction fee that is higher than another qualified broker-dealer might charge to effect the same transaction where BFSG determines, in good faith, that the transaction fee is reasonable. 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 broker-dealer's services, including the value of research provided, execution capability, transaction rates, and responsiveness. Accordingly, although BFSG will seek competitive rates, it may not necessarily obtain the lowest possible rates for client account transactions. The transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, BFSG's investment advisory fee. By using another broker or dealer you may pay lower transaction costs.

In addition, we may recommend the use of National Advisors Trust Company (“NATCO”) for certain trust, custody, and brokerage services. As previously disclosed (see *Item 10 – Other Financial Industry Activities and Affiliations*), Grace Y. Lau has a minority ownership interest in National Advisors Holdings, Inc., a Delaware corporation that owns NATCO.



Client accounts enrolled in the Automated Investment Program (“Wealth Accumulator”) are maintained at, and receive the brokerage services of Schwab, a broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. We are independently owned and operated and are not affiliated with Schwab.

The qualified custodians 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, Fidelity, and/or NATCO as your custodian/broker(s) and while you are required to use Schwab as your custodian/broker to enroll in the Automated Investment Program, you will decide whether to do so and will open your account with the qualified custodian(s) 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 for the Automated Investment Program, then we cannot manage your accounts through Wealth Accumulator. Schwab may aggregate purchase and sale orders for ETFs across accounts enrolled in the Automated Investment Program, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Platform.

We may accept directed brokerage arrangements (when you require that account transactions be effected through a specific broker-dealer/custodian). In such client directed arrangements, you will negotiate terms and arrangements for your account with that broker-dealer, and we will not seek better execution services or prices from other broker-dealers or be able to "batch" your transactions for execution through other broker-dealers with orders for other accounts managed by us. As a result, you 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. **Please Note:** In the event that you direct us to effect securities transactions for your accounts through a specific broker-dealer, you correspondingly acknowledge that such direction may cause your accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had you determined to effect account transactions through alternative clearing arrangements that may be available through us. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

Even though your account is maintained at Schwab, Fidelity, and/or NATCO, we can still use other brokers to execute trades for your account as described below (see "Trade Away Transactions").

### **Other Compensation**

We receive an economic benefit from the brokerage firms (i.e., Schwab, Fidelity, among others) in the form of the support products and services they make available to us and other independent

investment advisors whose clients maintain their accounts with them. The availability to us of the brokerage firms' products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Our firm and/or our officers and representatives are eligible to receive gifts and entertainment. While we endeavor at all times to put the interest of our clients first as part of our fiduciary duty, the possibility of receiving gifts and entertainment creates a conflict of interest and may affect the judgment of these individuals when making recommendations.

Our firm's Code of Ethics addresses gifts and entertainment and the overriding principle is that supervised persons should not accept inappropriate gifts, favors, entertainment, special accommodations, or other things of material value that could influence their decision-making or make them feel obligated to a person or firm. We require all supervised persons to report gifts and entertainment over certain de minimus amounts to the Chief Compliance Officer or President.

### **How We Select Brokers/Custodians**

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

1. Combination of transaction execution services and asset custody services (generally without a separate fee for custody);
2. Capability to execute, clear, and settle trades (buy and sell securities for your account);
3. Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payments, etc.);
4. Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds, etc.);
5. Availability of investment research and tools that assist us in making investment decisions;
6. Ability to provide necessary performance reporting;
7. Quality of services;
8. Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices;
9. Reputation, financial strength, and stability;
10. Prior service to us and our other clients; and
11. Availability of other products and services that benefit us, as discussed below (see "Products and Services Available to Us")

### **Your Brokerage and Custody Costs**

For our clients' accounts that Schwab, Fidelity, and/or NATCO maintains, they generally do not charge you separately for custody services but are compensated by charging you commissions or

other fees on trades that are executed or that settle into your account. Certain trades (for example, many mutual funds, and U.S. exchange-listed equities and ETFs) may not incur broker-dealer commissions or transaction fees. The custodians are also compensated by earning interest on the uninvested cash in your account.

Schwab's commission rates and asset-based fees applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. This commitment benefits you because the overall commission rates and asset-based fees you pay are lower than they would be otherwise.

### **Products and Services Available to Us**

Schwab Advisor Services™ (formerly called Schwab Institutional) and Fidelity Institutional Wealth Services are the brokerage firms business divisions that serves independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage services: trading, custody, reporting, trust services, charitable services, and related services. Many of these are not typically available to retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab and/or Fidelity without going through our firm. Schwab and Fidelity also make available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage or grow our business.

Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200.

Fidelity's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$15 million of their assets in accounts at Fidelity. If our clients collectively have less than \$15 million in assets at Fidelity, Fidelity may charge us quarterly service fees of \$2,500.

The availability to us of Schwab's and Fidelity's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

The following is a more detailed description of the brokerage firms support services:

*Services That Benefit You.* Schwab's and Fidelity'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 and Fidelity 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 and Fidelity's services described in this paragraph generally benefit you and your account.

*Services That May Not Directly Benefit You.* Schwab and Fidelity also make available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, Schwab's and Fidelity's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab or Fidelity. We do not seek to allocate the benefits to client's accounts proportionately. In addition to investment research, Schwab and Fidelity also make available software and other technology that:

1. Provide access to client account data (such as duplicate trade confirmations and account statements);
2. Facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
3. Provide pricing and other market data;
4. Facilitate payment of our fees from our clients' accounts; and
5. Assist with back-office functions, recordkeeping, and client reporting

*Services That Generally Benefit Only Us.* Schwab and Fidelity also offer other services intended to help us manage and further develop our business enterprise. These services include:

1. Educational conferences and events;
2. Consulting on technology, compliance, legal, and business needs;
3. Publications and conferences on practice management and business succession;
4. Access to employee benefits providers, human capital consultants, and insurance providers; and
5. Marketing consulting and support.

Schwab and Fidelity may provide some of these services themselves. In other cases, they will arrange for third-party vendors to provide the services to us. Schwab and Fidelity may also discount or waive their fees for some of these services or pay all or a part of a third party's fees. Schwab and Fidelity may also provide us with other benefits, such as occasional business entertainment for our personnel. If you did not maintain your account with Schwab and/or Fidelity, we would be required to pay for these services from our own resources.

We may also use services from directed brokers/custodians that may or may not directly benefit you and/or benefit us only. The services described above from Schwab and Fidelity would be similar to those received from directed brokers/custodians.

*Our Interest in Schwab's and Fidelity's Services.* In evaluating whether to recommend that client's custody their assets at Schwab and/or Fidelity, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by them, which may create a potential conflict of interest as you may pay less for these services elsewhere.

The availability of these services from them benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab and we don't have to pay for Fidelity's services so long as our clients collectively keep a total of at least \$15 million of their assets in accounts at Fidelity. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab or Fidelity in trading commissions or assets in custody. The minimums may give us an incentive to recommend that you maintain your account with Schwab and/or Fidelity, based on our interest in receiving their services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest.

Our selection is primarily supported by the scope, quality, and price of Schwab's and Fidelity's services (see "How We Select Brokers/Custodians") and not Schwab's and Fidelity's services that benefit only us. Schwab's and Fidelity's brokerage services include the execution of securities transactions, custody, research, 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. We believe, however, that taken in the aggregate, our recommendation of Schwab and/or Fidelity as custodian and broker is in the best interests of our clients.

BFSG's clients do not pay more for investment transactions effected and/or assets maintained at Schwab and/or Fidelity as the result of this arrangement. There is no corresponding commitment made by BFSG to Schwab and/or Fidelity, or any other any entity, to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as result of the above arrangement.

**BFSG's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflict of interest presented by such arrangements.**

### **Trade Errors**

From time-to-time we may make an error in submitting a trade order on your behalf. When this occurs, we may place a correcting trade with the broker-dealer that has custody of your account. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, then it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (i.e., due to tax reasons). We may not benefit from trade errors that result in the purchase of securities that increase in value.

If the gain does not remain in your account, your custodian will donate the amount of any gain \$100 and over to charity. If Schwab is your custodian, Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. If Fidelity or NATCO is your custodian, they will maintain the

gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. If a loss occurs at Fidelity or NATCO, we will pay for the loss. If a loss occurs at Schwab greater than \$100, we will pay for the loss. Generally, if related trade errors result in both gains and losses in your account, they may be netted.

### **Aggregated Trades**

Transactions for each client account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may (but are not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among our client’s 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 be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. We shall not receive any additional compensation or remuneration as the result of such aggregation.

The various offices of BFS Wealth Management operate trading desks that are separate from each other and these trading desks do not aggregate or allocate and do not attempt to coordinate or rotate the trades among the groups of clients each office serves.

Schwab may aggregate purchase and sale orders for ETFs across accounts enrolled in the Wealth Accumulator service, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Platform.

### **Trade Away Transactions**

Pursuant to the terms of your Schwab or Fidelity brokerage agreement, we may execute securities transactions with counterparties outside of Schwab or Fidelity (this activity is broadly referred to as “Trade Away Transactions”). Your funds are held at Schwab or Fidelity and the counterparty settles trades with the custodian via prime brokerage and/or delivery vs. payment (DVP) accounts. The counterparties are compensated for trade execution only. In cases where we choose to execute a trade with different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab and/or Fidelity account, Schwab and/or Fidelity charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, to minimize your trading costs, we have Schwab and/or Fidelity execute most trades for your account.]

# Item 13: Review of Accounts

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## **Investment Portfolio Management**

*Reviews:* While the underlying securities within Investment Portfolio Management Services accounts are continually monitored, these accounts are reviewed no less than annually. Accounts are reviewed in the context of your stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in your individual circumstances, frequent deposits or withdrawals from the account(s), or the market, political or economic environments. We may deviate from stated investment objectives and guidelines as market conditions warrant for short periods of time in an effort to improve portfolio performance.

These accounts are reviewed by: Mr. Powers, Founding Principal, Ms. Lau, Senior Wealth Manager, Mr. Yamshon, Managing Principal, Mr. Allbee, Senior Portfolio Manager, Mr. Miller, Senior Portfolio Manager, Mr. Blom, Senior Wealth Manager, Mr. Masci, Portfolio Manager, Mr. Verdugo, Senior Trader, and Mr. VanBuskirk, Wealth Manager. There is currently no limit on the number of accounts that can be reviewed by a portfolio manager.

*Reports:* In addition to the monthly statements and confirmations of transactions that you receive from your broker-dealer, we provide either quarterly or annual written reports summarizing account performance, balances and holdings. We urge you to compare these reports against the account statements they receive from their custodian.

*Independent Third-Party Money Manager Reports:* In addition to the monthly statements and confirmations of transactions that you receive from the respective broker-dealer, an independent third-party money manager who manages a portion of your assets may provide you with written quarterly performance reports. Unless otherwise contracted for, we do not typically provide additional reports.

*Unaffiliated Private Investment Fund Reports:* In addition to the monthly statements and confirmations of transactions that you receive from the respective broker-dealer, an independent third-party money manager who manages a portion of your assets may provide you with written quarterly performance reports. Unless otherwise contracted for, we do not typically provide additional reports.

## **Automated Investment Program**

*Reviews:* These accounts are automatically monitored daily for rebalancing. Portfolios are rebalanced when the weighting of any asset class included in the portfolio moves higher or lower than its strategic weighting based on a drift tolerance. Tax-loss harvesting trades are initiated when the amount of the loss captured equals at least 0.5% of the total portfolio value. More frequent rebalancing may be triggered by material changes in your individual circumstances,

frequent deposits or withdrawals from the account(s), or the market, political or economic environments, and portfolio model modifications.

These accounts are reviewed by: Mr. Allbee, Senior Portfolio Manager, Mr. Blom, Senior Wealth Manager, and Mr. Noorani, Retirement Plan Consultant. There is currently no limit on the number of accounts that can be reviewed by a portfolio manager.

*Reports:* You will receive monthly statements and confirmations of transactions that you receive from Schwab. In addition, you will be able to monitor your account online through Schwab Performance Technologies on a real-time basis.

## **Financial Planning**

*Reviews:* While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for you unless otherwise agreed upon by you and us.

*Reports:* You will receive a completed financial plan, according to the scope agreed upon. Additional reports will not typically be provided unless otherwise agreed upon by you and us.

## **Pension Consulting**

*Reviews:* BFS Institutional Services Investment Advisor Representatives review client accounts on at least a semi-annual basis. The nature of these reviews is to learn whether client accounts are in line with their investment objectives, and appropriately positioned based on market conditions and investment policies, if applicable. We may review client accounts more frequently. Among the factors which may trigger an off-cycle review are major market or economic events, the client's circumstances, or requests by the client, etc.

*Reports:* On at least a semi-annual basis, clients receive a report consisting of a review of the investment options offered in their plan. The review is generally based on an evaluation methodology, which includes an analysis of performance, risk-adjusted performance, style consistency, and cost. Plan demographics and asset allocation may also be included in the report, if applicable.

## **Managed Account Service**

With respect to the Managed Account Service offered by BFS Institutional Services, we review accounts quarterly. The investment allocation of the account is compared to the targeted allocation. If the current investment allocation is outside a threshold, then the account is automatically rebalanced to the targeted allocation. Individuals may review their information and make changes as often as necessary by contacting the retirement plan provider.



# Item 14: Client Referrals and Other Compensation

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## Client Referrals

The BFS Wealth Management division, in the past entered into arrangements with certain third parties, called promoters, under which such promoters referred clients to us in exchange for a percentage of the advisory fees we collect from such referred clients. BFS Wealth Management had received client referrals from Charles Schwab & Co., Inc. (“Schwab”) and Zoe Financial, Inc. (“Zoe”) through its participation in the Schwab Advisor Network and Zoe matching program (the “Services”) in the past but no longer participates in the Services. We also participated in a digital advice platform (the “Platform”) in partnership with Zoe and Apex Clearing (“Apex”), but no longer participates in the Platform. BFS Wealth Management pays Schwab and Zoe a quarterly participation fee on all referred clients’ accounts that are maintained in custody at Schwab or Apex. The fees paid by BFS Wealth Management are a percentage of the value of the assets in the clients’ accounts. The fees are paid by BFS Wealth Management and not by the referred client. Any referral fees incurred are paid solely from BFS Wealth Management’s investment management fee, and do not result in any additional charge to the client. There is a one-time non-Schwab/non-Apex custody fee on all accounts that are transferred to another custodian. The non-Schwab/non-Apex custody fee is higher than the participation fees that BFS Wealth Management would generally pay in a single year. This non-Schwab/non-Apex custody fee creates a potential conflict of interest as BFS Wealth Management has an incentive to recommend that client accounts be held in custody at Schwab or Apex. Our firm acknowledges its duty of best execution for all of its clients.

## Other Compensation

As indicated in *Item 12* above, BFSG can receive from Schwab and/or Fidelity (and others) without cost (and/or at a discount), support services and/or products. BFSG’s clients do not pay more for investment transactions effected and/or assets maintained at Schwab or Fidelity (or any other institution) as a result of this arrangement. There is no corresponding commitment made by BFSG to Schwab or Fidelity, or to any other entity, to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement. We benefit from the products and services provided because the cost of these services would otherwise be borne directly by us, and this creates a conflict. You should consider these conflicts of interest when selecting a custodian.

**BFSG’s Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement and the corresponding conflict of interest presented by such arrangement.**

BFSG can receive from mutual fund companies (and other vendors) without cost, free (and/or at a discount) attendance to educational conferences/events including reimbursement of travel expenses, and publications and conferences on practice management. This could be deemed a conflict as the marketing and education activities conducted and the access granted at such meetings could cause BFSG to focus on those sponsors in the course of its duties. These meetings are first and foremost intended to provide training or education to BFSG's employees. There is no corresponding commitment made by BFSG to any specific provider to invest any specific amount or percentage of client assets in any specific mutual funds, securities, or other investment products as a result of the above arrangement. BFSG reviews all mutual funds at the Investment Committee to ensure mutual fund selections are suitable and selected for appropriate reasons. **BFSG's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement and the corresponding conflict of interest presented by such arrangement.**

BFSG's parent company is Focus Financial Partners, LLC ("Focus"). From time to time, Focus holds partnership meetings and other industry and best-practices conferences, which typically include BFSG, other Focus firms and external attendees. These meetings are first and foremost intended to provide training or education to personnel of Focus firms, including BFSG. However, the meetings do provide sponsorship opportunities for asset managers, asset custodians, vendors and other third-party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including BFSG. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at such meetings and conferences could cause BFSG to focus on those conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of the meeting or future meetings and not as revenue for itself or any affiliate, including BFSG. Conference sponsorship fees are not dependent on assets placed with any specific provider or revenue generated by such asset placement.

## Item 15: Custody

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We do not maintain physical custody of client funds or securities; your assets must be maintained in an account at an "independent qualified custodian," generally a broker-dealer or bank. The custody discussion below is applicable primarily to our clients who are individuals or are serviced by BFS Wealth Management.

Under securities regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct Schwab, Fidelity, or NATCO ("independent qualified custodians") to deduct our advisory fees directly from your account or if you grant us authority to move your money to another person's account. The independent qualified custodians maintain actual custody of your assets. You will receive account statements directly from the independent

qualified custodians at least quarterly. They will be sent to the email or postal mailing address you provided to them. You should carefully review those statements promptly when you receive them.

Certain clients have established asset transfer authorizations that permit the qualified custodian to rely upon instructions from BFGS to transfer client funds or securities to third parties. These arrangements are disclosed at Item 9 of Part 1 of Form ADV. However, in accordance with the guidance provided in the SEC's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subject to an annual surprise CPA examination.

**Please Note:** To the extent that BFGS provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by BFGS with the account statements received from the independent qualified custodian.

**Please Also Note:** The account custodian does not verify the accuracy of BFGS's advisory fee calculation.

## Item 16: Investment Discretion

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You may hire us to provide discretionary asset management services, in which case we place trades in your account(s) without contacting you prior to each trade to obtain your permission. Our discretionary authority includes the ability to do the following without contacting you:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell.

You give us discretionary authority when you sign a discretionary agreement with our firm and may limit this authority by giving us written instructions. You may also change/amend such limitations by once again providing us with written instructions. Discretionary accounts and/or trades may be traded first, resulting in a difference in price and execution costs.

If you wish to hold a security against our advice in a discretionary account, we will view these separately, and we will not include their performance in reported performance reports. We may charge management fees on these assets.

When you enter into a non-discretionary arrangement with us, we will obtain your approval prior to the execution of a trade.

### ***Automated Investment Program***

We accept discretionary authority to manage the accounts of individuals enrolled in the Wealth Accumulator service. We will monitor the investment allocation of the individual's account. Based on the information provided to us, we create a personalized asset allocation strategy and

select investments that will meet the strategy from investments offered in the automated investment program. As the account moves out of balance, Wealth Accumulator will automatically reallocate back to the targeted allocation. Clients utilizing Wealth Accumulator may instruct us to exclude up to three ETFs from the portfolio. We exercise discretion consistent with the individual's strategy and within any limitations provided by the client in writing. Investment discretion will be explained to Wealth Accumulator clients in the advisory agreement.

## Item 17: Voting Client Securities

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BFSG does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted; and (2) making all elections, decisions, and filings relative to any mergers, acquisitions, tender offers, bankruptcy proceedings, class actions, or other type actions or events pertaining to the client's investment assets.

Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact BFSG to discuss any questions they may have with a particular solicitation.

## Item 18: Financial Information

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We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding. We do not require or solicit prepayment of more than \$1,200 in fees per client six months in advance.

**ANY QUESTIONS:** BFSG's Chief Compliance Officer, Michael Allbee , remains available to address any questions regarding this Part 2A.