

**Item 1. COVER PAGE**

**Firm Brochure**

(Part 2A of Form ADV)



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**December 31, 2022**

This brochure provides you with information about the qualifications, business practices and nature of advisory services of Beacon Capital Management, LLC, all of which should be considered before becoming an advisory client of our firm. Additional information about Beacon Capital Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as a CRD number. Our firm's CRD number is 156228.

Please contact Jaimie Palmer, Chief Compliance Officer, if you have any questions about this Brochure.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC"), or by any state securities authority.

Beacon Capital Management, LLC is registered as an investment adviser with the SEC. Registration as an investment adviser with the SEC does not imply any level of skill or training.

## **Item 2. MATERIAL CHANGES**

The last update of Beacon Capital Management, LLC's ADV Part 2A was on December 31, 2021. Since that filing the following material changes to this Brochure were made:

### **Item 4 – Advisory Business**

Client Assets Managed by Beacon Capital Management has been updated to reflect our current regulatory assets under management, our current assets under administration, and our current total platform assets.

### **Item 5 – Fees and Compensation**

Updated the Other Fees to reflect the review of the cost of the share class on any incoming mutual funds to determine if there are any lower cost shares.

### **Item 7 - Methods of Analysis, Investment Strategies & Risk of Loss**

Updated the Risk of Loss section to include details about Structured Notes and the risks associated with them.

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## **Item 4. ADVISORY SERVICES**

### **FIRM DESCRIPTION**

Beacon Capital Management, LLC, (“**Beacon**” or the “**Firm**”) is a Limited Liability Company organized as a Tennessee limited liability company that was founded in 2005. The Firm became a United States Securities and Exchange Commission (“**SEC**”) Registered Investment Adviser Firm in September 2015. The principal owners of the Firm are Jonathan S. Maxson and Cameron “Pete” Benson.

### **TYPES OF ADVISORY SERVICES**

Beacon is a wealth management firm that provides discretionary and non-discretionary investment management services. As a discretionary adviser, Beacon will be granted full discretion and authority to manage client accounts. Our services are tailored to meet a client’s individual investment objectives and guidelines, as well as any client investment restrictions or limitations, which will be documented in the client profile. Beacon uses questions, review of current holdings, goals and objectives to better understand each client’s investment profile, including the client’s risk tolerance, time horizon and investment needs. A review cadence will be established with the client based on these factors. No less than annually, Beacon will review client information to ensure that each client’s investment profile is up-to-date and accurate. As a Non-Discretionary advisor, it allows us to perform trades on your behalf when directed by you to do so through the use of an investment plan agreed upon by you. These accounts will not be actively managed or monitored, and we will not make recommendations on the strategy for these accounts. Transactions made in these account(s) may not be able to be aggregated with other client’s orders under this type of authority and therefore you may not receive the same price as clients who receive discretionary advisory services.

The Firm provides ongoing services to individuals, high net-worth individuals, families and businesses. We tailor our advisory services to individual client needs. We offer portfolio management, third party money manager, financial planning, retirement plan consulting, strategic planning, investment policy development services and coordinate with other advisers, and financial professionals as necessary to meet each the client’s needs.

Clients who impose investment restrictions or limitations might affect their account’s performance and limit Beacon’s ability to employ various investment strategies. This may result in investment performance that differs from that of a benchmark or other client accounts utilizing the same or similar investment strategy. Depending upon a client’s investment profile and investment needs, Beacon may recommend the use of an independent third-party money manager to manage a portion of the client’s assets.

#### **a) Portfolio Management Services**

Prior to allocating a client’s assets, Beacon will perform an evaluation of the client’s current holdings known as a retirement analysis or planning analysis. Using this assessment and reviewing the client’s risk tolerance, time horizon, investment objectives and goals, the Firm will provide investment recommendations based on the client’s specific investment profile. For discretionary advisory clients, Beacon requires that a written Investment Management Agreement (“**Agreement**”) be signed by the client prior to the engagement of services. The Agreement outlines the services rendered by Beacon and the fees that the client will be charged.

The Agreement grants Beacon written authority to deduct fees from client custodial account(s). Clients are advised to promptly notify Beacon if there are any material changes in their financial situations, including investment objectives, or in the event they wish to alter any guidelines.

The Agreement authorizes Beacon to perform various functions, at the client's expense, without further approval from the client. Such functions include the determination of securities to be purchased or sold. Once a client's portfolio is constructed, Beacon will provide continuous supervision and rebalancing of the client's portfolio. If there are changes in the client's circumstances, upon notification, Beacon may recommend changes or rebalancing if required. Beacon will have discretionary authority, to manage advisory accounts and will not obtain approval prior to placing trades on behalf of a client's account(s). The Agreement will continue until you notify us otherwise in writing.

The Firm may allocate a portion of a client's assets to be managed by an independent 3<sup>rd</sup> party manager to provide portfolio management services on behalf of Firm clients. The Firm will be responsible for the payment of any advisory fee or other charges of a 3<sup>rd</sup> party manager with respect to the managed assets at no additional charge to the client as defined in the Agreement between the Firm and client, unless or except as specifically authorized in advance by the client. The Firm will be responsible for monitoring all aspects of investment performance of the 3<sup>rd</sup> party manager and based on their performance, may terminate the relationship with the 3<sup>rd</sup> party manager or to add a new 3<sup>rd</sup> party manager, without specific client consent.

If clients elect to enter into a separate advisory agreement with this 3<sup>rd</sup> Party Advisor, they will receive a separate firm brochure based on the requirements of Form ADV Parts 2A, 2B and 3, for each 3<sup>rd</sup> Party Advisor. Clients are encouraged to obtain and carefully review the contracts and disclosure documents, including the 3<sup>rd</sup> Party Advisor brochure, whose services are to be engaged so they understand fully the services being provided and the fees being charged. The services, reports and contract termination provisions provided by these programs vary as do the costs. The Firm encourages our clients to compare programs and discuss any questions they may have with their IAR before investing.

The Firm continues to monitor the 3<sup>rd</sup> Party Advisors on behalf of these legacy client accounts, to ensure their investment objectives are being followed. If the Firm identifies the 3<sup>rd</sup> Party Advisor is not following the client's investment objectives, the Firm may recommend the client to terminate its relationship with the 3<sup>rd</sup> Party Advisor. When the Firm recommended these 3<sup>rd</sup> Party Advisor to its clients to enter into a separate advisory agreement(s), they were under no obligation to use the 3<sup>rd</sup> Party Advisor

For non-discretionary services, Beacon also requires that a written non-discretionary agreement be signed by the client prior to the engagement of services. When Beacon engages a client on a nondiscretionary basis, it allows us to perform trades on your behalf when directed to do so through the use of an investment plan agreed upon by you. These accounts will not be actively managed or monitored, and we will not make recommendations on the strategy for these accounts. Transactions made in these account(s) may not be able to be aggregated with other client's orders under this type of authority and therefore you may not receive the same price as other clients.

#### **b) Financial Planning and Consulting Services**

Beacon offers financial planning and consulting on investment-related matters in conjunction with its portfolio management services. These services may address areas such as Investment Planning, Retirement Planning, Insurance Planning, Tax Planning, Education Planning, Portfolios Review, Asset Allocation, and Real Estate Planning. Beacon charges a flat fee for financial planning and consulting services when no asset management services are provided. The applicable fee will be based upon the scope and complexity of the engagement. In the event the client elects to retain Beacon to provide asset management services at the same time the client obtains financial planning and consulting services, the client will not be billed for the financial planning services. Under certain circumstances the Firm may provide free planning services to individuals. Clients are responsible for determining whether or not to implement a recommendation and if they decide to do so, are responsible for implementation and ongoing monitoring if they do not enter into an Agreement with the Firm.

### c) **Benefit Plan Services/Corporate Retirement Planning**

Beacon provides investment advisory services and consulting services to employer sponsored retirement plans, including 401(k) and profit-sharing plans (“**Plans**”), and plan sponsors (“**Plan Sponsors**”) subject to the Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”). These services may include:

- Retirement plan design and communications;
- Retirement plan services provider due diligence;
- Retirement plan investment advisory services including: investment analysis, selection, implementation, and ongoing monitoring of plan investments; and
- Participant educational services and retirement education.

Beacon may also provide additional types of administrative services to Plans on an individually negotiated hourly basis. All services, whether discussed above or customized for the Plan will be detailed in the written agreement with the Plan Client.

The Firm’s goal is to establish a thorough investment due diligence process that is employed in the selection and ongoing monitoring of investment options and is compliant with applicable fiduciary obligations and the client’s investment policy statement. The appropriate Plan Fiduciary(ies) designated in the Plan documents (e.g. the Plan sponsor or named fiduciary) will (i) make the decision to retain our firm; (ii) agree to the scope of the services that we will provide; and (iii) make the ultimate decision as to accepting any of the recommendations that we may provide. The Plan Fiduciaries are free to seek independent advice about the appropriateness of any recommended services for the Plan. Retirement Plan consulting services may be offered individually or as part of a comprehensive suite of services.

ERISA sets forth rules under which Plan Fiduciaries may retain investment advisers for various types of services with respect to Plan assets. For certain services, Beacon will be considered a fiduciary under ERISA. For example, Beacon will act as an ERISA §3(21) fiduciary when providing non-discretionary investment advice to the Plan Fiduciaries by recommending a suite of investments as choices among which Plan Participants may select. Also, to the extent that the Plan Fiduciaries retain Beacon to act as an investment manager within the meaning of ERISA §3(38), Beacon will provide discretionary investment management services to the Plan. With respect to any account for which Beacon meets the definition of a fiduciary under Department of Labor rules, Beacon acknowledges that both Beacon and its Related Persons are acting as fiduciaries. Additional disclosure may be found elsewhere in this Brochure or in the written agreement between Beacon and client.

Beacon may be engaged to provide one or more of the following services for Corporate Retirement Plans:

- **Investment Selection.** The Firm may provide recommendations regarding the investment options to be made available under the Plan along with a relevant benchmark recommendation. The Firm shall be responsible for the ongoing monitoring of the Plan’s investment options and will report at least annually to the Plan Sponsor on performance and provide an analysis of the recommended investment options.
- **Participant Services.** The Firm may provide advisory services to Plan participants (“**Participants**”). Each Participant shall be responsible for deciding whether, or to what extent, to use the Participant Services. The Plan Sponsor shall be responsible for providing Participants with information regarding the availability of the Participant Services. Participant Services may include a recommendation regarding investment selections based upon an analysis of the Participant’s individual investment objectives. Upon request, the Firm will facilitate group enrollment meetings to assist with the implementation of a Plan. The

Firm's management of any assets outside a Participant's Plan account is not included as a part of the Participant Services provided and will be covered under a separate agreement.

- **Assistance with Oversight of Service Providers.** The Firm will provide assistance to the Plan Sponsor regarding the selection and monitoring of service providers to the Plan.
- **Education and Sponsor Consulting Services.** The Firm will assist the Plan Sponsor and Plan Trustees in meeting their fiduciary duties to administer the Plan in the best interests of the Plan Participants and their beneficiaries. The Firm may offer periodic education and consultation to the Plan Sponsors.

**d) Supplemental Insurance Planning and Consulting Services**

Representatives of the Firm may provide supplemental insurance planning or consulting services on a complementary basis through an affiliated entity of the Firm, Beacon Insurance & Life, LLC ("**Beacon Insurance**").

Your representative in his or her separate capacity as an insurance agent of Beacon Insurance, may suggest clients to purchase disability insurance, life insurance, annuities, or other insurance products. If a client elects to implement the purchase of an insurance product recommended by its representative, Beacon Insurance receives commission and other compensation fee ("**Insurance Fees**"), in which your representative may receive a portion of such Insurance Fees in its capacity as an insurance agent. Insurance commissions are paid to Beacon Insurance and then paid to the agent. This receipt of Insurance Fees creates an incentive for your representative to recommend those insurance products for which your representative may receive a portion of the Insurance Fees in his or her separate capacity as an insurance agent, rather than on a client's needs. Consequently, the advice rendered to clients could be biased. Clients are under no obligation to implement any insurance or annuity transaction through Beacon Insurance.

**e) Educational Seminars/Workshops/TV and Radio Episodes**

The Firm occasionally provides seminars/workshops or produce TV and/or radio episodes in areas such as financial planning, retirement planning, estate planning, college planning and charitable planning or other relevant financial topics. These educational seminars/workshops and TV/Radio episodes are always offered on an impersonal basis and do not focus on the individual needs of participants or listeners. No fees are charged for seminars/workshops.

**f) Wrap Fee Programs**

Beacon Capital Management is not a sponsor of and does not participate in any Wrap Fee Programs.

**ASSETS UNDER MANAGEMENT**

When calculating regulatory assets under management, an investment adviser must include the value of any securities portfolios over which it exercises continuous and regular supervisory or management services. The following are the amount of assets under management as of as of December 31, 2022.

<b>Discretionary Assets</b>	<b>Non-Discretionary Assets</b>	<b>Total Assets</b>
\$ 619,750,846.49	\$ 53,304,410.18	\$ 673,055,256.67

## **Item 5. FEES AND COMPENSATION**

### **TYPES OF COMPENSATION**

Based on the Investment services provided, the Firm is compensated by the following means:

- A percentage of assets under management
- Fixed Fees (other than subscription fees)
- Hourly Charges

### **ADVISORY SERVICES**

#### **a) Portfolio Management Services**

Beacon will assess a management fee (the “**Fee**”) to provide discretionary portfolio management services. The Fee is an annual fee based on a percentage of the client’s assets under management. The client is assessed an annual asset management fee of up to 2.0% of the value of the assets held in the client’s account(s). All new or additional accounts opened will be billed monthly.

Fee are calculated on a monthly basis and assessed on the daily average Net Assets (securities, cash, and cash equivalents) under management of such client's account(s), averaged over the relevant period, payable in arrears as of the first business day of each period and calculated before any accrual for or payment of the Fee. The Fee will be appropriately prorated to reflect any withdrawals and/or contributions which occur during billing cycle and shall be paid to the Firm regardless of the account’s profitability. Beacon reserves the right to discount fees based on the needs and circumstances of clients. All of the above-referenced Fees are negotiable. Lower Fees for comparable services may be available from other sources.

Any Fees due to Beacon shall be debited from the client’s account(s) invoiced to the client when due and shall be paid by a direct debited from the clients’ account(s). If a client opts to pay Fees by any other method than a debit of their investment account(s), those Fees are due no later than the twenty-fifth (25<sup>th</sup>) business day after the Fee is assessed.

The client has the right to terminate the Agreement without penalty within five (5) business days of entering into the Agreement. In addition, either party may terminate the Agreement at any time upon thirty (30) days’ written notice. Upon termination of the Agreement, the Fee will be prorated to the date of termination.

As mentioned above, the Firm may allocate a portion of a client’s portfolio to a 3<sup>rd</sup> party manager. The client will not be charged any additional Fee if the Firm elects to allocate a portion of a client’s managed portfolio to a 3<sup>rd</sup> party manager. The investment advisory fees (the “**3<sup>rd</sup> Party Advisor’s Fees**”) that are due and payable to the 3<sup>rd</sup> Party Advisor are set forth in the 3<sup>rd</sup> Party Advisory Agreement between the client and the 3<sup>rd</sup> Party Advisor . These 3<sup>rd</sup> Party Advisor’s Fees for those 3<sup>rd</sup> Party Advisors investment advisory services are negotiable between the client and the 3<sup>rd</sup> Party Advisor, but generally ranged from 0.1% to 2.00% and are in addition to the Fees charged by the Firm between the Firm and client.

The 3<sup>rd</sup> Party Advisory Fees are billed in accordance with the terms set forth in the 3<sup>rd</sup>. Party Advisor’s advisory agreement. As outlined in that 3<sup>rd</sup> Party Advisory agreement, the 3<sup>rd</sup> Party Advisor’s Fees typically will be deducted directly from the client’s account on either a monthly or quarterly basis in arrears.



### **b) Financial Planning Services**

As noted in Item 4, Beacon offers financial planning as part of the portfolio management services and is inclusive within its Fee. For stand-alone financial planning services, Fees will be charged as a fixed fee, typically ranging from \$1,200 to \$10,000, or on an hourly basis, ranging from \$150 to \$500 per hour, depending on the complexity of each client's circumstances. The minimum fee is \$1,200. The fixed fee or hourly services will be memorialized in a financial planning engagement agreement between the Firm and client. The Fee for a financial plan is predicated upon the facts known at the start of the engagement.

### **c) Benefit Plan Services**

For participant directed retirement plans, fees will be billed for consulting advice as either a percentage of assets under advisement or a fixed fee.

The asset-based fee is used exclusively for consulting services to 401(k) 401(A), 403(b), 457(b), and Money Purchase retirement plans. This fee will be range from .25% to 1.00% per annum. Asset-based fees are paid in advance, or arrears – depending on the record keeper. Minimum fees may also apply. For asset-based fees paid in advance, Beacon will refund any unearned fees upon a 30-day written notice of the termination of services.

Advisory services for Plan Sponsors are offered for a fixed annual fee will be invoiced and the fee shall be payable quarterly in arrears. Fixed fees are based on the complexity of the services to be performed and will range from \$1,200 to \$15,000 per annum, with a the minimum fee of \$1,200 per year. Fixed fees are negotiable in certain circumstances. Beacon will consider all relationships and services being offered to the client and work with the client to establish the fee arrangements in advance of providing the services. All fee arrangements are detailed in the client's benefit plan servicing agreement.

### **d) Educational Seminars/Workshops**

The Firm does not charge any fees for seminars/workshops it provides to its clients or potential clients.

## **OTHER FEES & EXPENSES**

Advisory fees payable to the Firm do not include all the fees a client will pay when Beacon purchases or sells securities for a client's account(s). In addition to the fees described above, you may incur certain charges imposed by third parties other than Beacon Capital Management in connection with investments made through your account including, but not limited to, mutual fund sales loads, periodic mutual fund fees (e.g. 12b-1 trails) and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the qualified custodian(s) of your account. This list is not all inclusive. Management fees charged by Beacon Capital Management are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus. Mutual funds often offer multiple share classes with differing internal fee and expense structures. BCM endeavors to identify and utilize the share class with the lowest internal fee and expense structure for each mutual fund. When mutual funds are transferred by clients into accounts managed by Beacon, and are not redeemed, BCM will review such mutual funds quarterly to ensure that, when available and consistent with clients' best interests, clients are invested in or transitioned into the most cost-effective mutual fund share class. However, instances occur in which the lowest cost share class is not used. These instances include but are not limited to:

Instances in which a certain custodian has a share class available that has a lower internal fee and expense structure than is available for the same mutual fund at other custodians. In such instances, BCM will select the lowest cost share class available at the custodian that holds your account even though a lower cost share class is available at another custodian.

Instances in which the custodian that holds your account offers others a share class with a lower internal fee and expense structure than what is available to BCM at the same custodian. In such instances, BCM will select the lowest cost share class that the custodian makes available to BCM. This situation sometimes occurs because the custodian places conditions on the availability of the lower cost share class that BCM has determined are not appropriate to accept due to additional costs imposed by said conditions.

Instances in which a share class with a lower internal fee and expense structure becomes available after the share class you hold was purchased. BCM periodically monitors for this circumstance. However, a share class with a lower internal fee may become available between the time of your purchase and BCM's next review.

Instances in which a share class with a lower internal fee and expense structure than the share class you currently hold is available at your custodian, but where BCM is prevented by either the custodian or the fund sponsor from converting to the lower cost share class. Additionally, BCM does not convert to a share class with a lower internal fee and expense structure if the conversion will cause a taxable event or other expense/cost to you that negates the advantage of the lower cost share class.

Instances in which a model portfolio manager selects a share class for inclusion in a model that is not the lowest cost share class available. Whenever possible, BCM works with model portfolio managers to ensure they are selecting the lowest cost share class available for inclusion in their model portfolios. However, certain third-party model portfolio managers make their investment selections without any input from BCM. In such cases, BCM implements the models as directed by the third-party model manager and does not screen for the lowest mutual fund share class available.

Instances in which you make your own investment selections in a Client Directed Account. In such circumstances, BCM does not screen for the lowest mutual fund share class available.

Beacon nor its associates receive compensation (commissions) generated from security related transactions and does not compensate any third party for client referrals.

You may work with your representative in his or her separate capacity as an insurance agent of Beacon Insurance. As such, your representative, may suggest clients to implement recommendations of Beacon Insurance by purchasing disability insurance, life insurance, annuities, or other insurance products. This recommendation creates an incentive for the representative to recommend those products for which Beacon Insurance will receive Insurance Fees. In addition, your representative may receive a portion of those Insurance Fees through Beacon Insurance in his or her separate capacity as an insurance agent. Consequently, the advice rendered to you could be biased. Receipt of the Insurance Fees may create a conflict of interest by giving your representative an incentive to recommend insurance products based on compensation received by the representative, rather than on the client's needs. Beacon seeks to address this conflict of interest by disclosing to clients the receipt of Insurance Fees by employees in connection with the sale of insurance products. Clients are under no obligation to implement any insurance or annuity transaction through Beacon Insurance.

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Beacon does not charge performance-based fees and does not conduct side-by-side investment product management.

## **Item 6. TYPES OF CLIENTS**

Beacon provides investment advice to individuals, high net-worth individuals, families and businesses.

For clients that received Portfolio Management Services, the minimum initial account size is generally \$100,000. The Firm reserves the right, in its sole discretion, to waive the minimum initial investment threshold referenced above.

## **Item 7. METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS**

### **METHODS OF ANALYSIS**

Based on the client's needs, investment objectives and time horizon, the Firm may use one of the following analysis when analyzing investment plans and MMs on behalf of its Clients.

- **Fundamental analysis** involves analyzing a company's financial statements and health, its management and competitive advantages, and its competitors and markets. Fundamental analysis is performed on historical and present data but with the goal of making financial forecasts. There are several possible objectives: to conduct a company stock valuation and predict its probable price evolution; to make a projection on its business performance; to evaluate its management and make internal business decisions; and to calculate its credit risk. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the issuer.
- **Technical analysis** is a method of evaluating securities by relying on the assumption that market data, such as charts of price, volume and open interest can help predict future (usually short-term) market trends. Technical analysis assumes that market psychology influences trading in a way that enables predicting when a stock will rise or fall. The technical indicators that the Firm may consider include, but are not limited to, price, volume, momentum, relative strength, sector/group strength and moving averages. Technical analysis does not consider the underlying financial condition of a company. This presents a risk that a poorly managed or financially unsound company may underperform regardless of market movement.

Analysis consists of identifying an investment area or macro-opportunity where a market dislocation has occurred and/or where an extraordinary risk/reward potential exists, identifying prospective best of breed emerging managers in the identified investment area, and analyzing quantitative measurements to determine a potential fit for Beacon's needs and expectations.

### **3<sup>RD</sup> PARTY MANAGEMENT SERVICES**

As mentioned in Item 4 above, Beacon will seek to select only 3<sup>rd</sup> Party Managers who will invest client assets with the highest level of integrity, Beacon will have no control over the day-to-day operations of any of its selected 3<sup>rd</sup> Party Managers. Beacon's recommendation will be based upon a due diligence process that takes into account appropriate criteria for assessing a 3<sup>rd</sup> Party Manager's ability to adequately meet client needs. Such criteria may include (i) the unique value of the 3<sup>rd</sup> Party Manager's strategies, (ii) the effectiveness of the 3<sup>rd</sup> party manager's performance, (iii) the manner in which the 3<sup>rd</sup> Party Manager manages risk, and (iv) the reasonableness of the 3<sup>rd</sup> Party Manager's fees.

For the legacy clients that have entered into a separate 3<sup>rd</sup> Party Advisory Agreement (which are separate and distinct from 3<sup>rd</sup> Party Managers), they should refer to the recommended 3<sup>rd</sup>. Party Advisor's Firm Brochure for a full description of its services offered. Please note these 3<sup>rd</sup> Party Advisors develop their own investment analyses and strategies.

## INVESTMENT STRATEGIES

Beacon always strives to meet the individual investment objectives of each of our clients. During an interview with a new client, the Firm will seek to understand the client's goals and time horizon while also evaluating the client's risk tolerance through discussion and feedback. The specific methods used to meet client investment objectives will vary but, in general, the

Firm or through a 3<sup>rd</sup> party manager will construct well-diversified investment portfolios that are comprised of low expense ratio, institutional share class mutual funds, exchange traded funds ("ETFs"), individual stocks, structured notes, fixed income, speculative strategies, insurance products including annuities and life insurance and other securities that are deemed to be appropriate, given the investment profile of a particular client.

## RISK OF LOSS

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the clients advised by the Firm. As a general matter, investing in securities involves a risk of loss that investors should be prepared to bear. No guarantee or representation is made that the investment strategies offered by the Firm will be successful. Clients should be able to withstand the loss of their entire investment.

Subject to each client's stated investment objective, examples of such risks include, but are not limited to:

### RISKS PERTAINING TO CERTAIN INVESTMENT TYPES

- **Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.
- **Equity:** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.
- **Fixed Income:** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.). Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.
- **Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance.

- **Structured Notes:** Structured notes are securities issued by financial institutions whose returns are based on, among other things, equity indexes, a single equity security, a basket of equity securities, interest rates, commodities, and/or foreign currencies. Thus, your return is “linked” to the performance of a reference asset or index. Structured notes have a fixed maturity and include two components – a bond component and an embedded derivative. Financial institutions typically design and issue structured notes, and broker-dealers sell them to individual investors. Some common types of structured notes sold to individual investors include: reverse convertible notes, enhanced participation or leveraged notes, and hybrid notes that combine multiple characteristics. Structured Notes carry market risk, liquidity risk, call risk, and credit and default risks for both issuers and underlying securities. Structured Notes are complex investments including valuation, payoff structure, and tax considerations.
- **Real Estate funds:** (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

#### **General Risks:**

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security’s particular underlying circumstances. For example, political, economic, and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar will be worth more today than a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment’s originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Leveraged Risk:** Although the Firm does not employ leverage in the implementation of its investment strategies, some strategies that the Firm allocates client's assets employ leverage. Leverage increases returns to investors if the investment strategy earns a greater return on leveraged investments than the strategy's cost of such leverage. However, the use of leverage exposes investors to additional levels of risk and loss that could be substantial

#### **Pandemic Outbreak Risk.**

The recent global outbreak of the 2019 novel coronavirus ("COVID-19"), together with resulting voluntary and U.S. federal and state and non-U.S. governmental actions, including, without limitation, mandatory business closures, public gathering limitations and restrictions on travel and quarantines, has meaningfully disrupted the global economy and markets. Although the long-term economic fallout of COVID-19 is difficult to predict, it has and is expected to continue to have ongoing material adverse effects across many, if not all, aspects of the regional, national and global economy. In particular, the COVID-19 outbreak has already, and will continue to, adversely affect the investments and the industries in which the Firm invests on behalf of its clients. Furthermore, though the Firm has implemented a business continuity plan, the plan could fail and the Firm's ability to operate effectively, including the ability of its personnel or its service providers and other contractors to function, communicate and travel to the extent necessary to carry out the Firm's investment strategies and objectives and the Firm's business and to satisfy its obligations to its clients, and pursuant to applicable law, has been, and will continue to be, impaired. The spread of COVID-19 among the Firm's personnel and its service providers would also significantly affect the Firm's ability to properly oversee the affairs of the investment of its' clients (particularly to the extent such impacted personnel include key investment professionals or other members of senior management), which could result in a temporary or permanent suspension of a Firm's investment activities or operations.

While this information provides a synopsis of the events that may affect a client's investments, this list is not exhaustive each client shall understand that there are inherent risks associated with investing and depending on the risk occurrence, a client may suffer a loss of all or part of its' principal investment.

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

#### **Item 8. DISCIPLINARY INFORMATION**

The Firm has not been involved in any legal or disciplinary events related to past or present investment clients that is required to be disclosed in this brochure.

#### **Item 9. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Beacon is not a registered broker-dealer, futures commission merchant, commodity pool operator or commodity trading advisor and does not have an application pending to register in any of those capacities.

None of Beacon's management or supervised persons are registered as, or has an application pending to register, as a futures commission merchant, commodity pool operator, or commodity trading advisor.

## **INSURANCE ACTIVATES**

As mentioned in Item 4 above, clients may work with their representative in his or her separate capacity as an insurance agent of Beacon Insurance. As such, your representative in his or her separate capacity as an insurance agent, may suggest you implement recommendations of Beacon Insurance by purchasing disability insurance, life insurance, annuities, or other insurance products, in which Beacon Insurance received Insurance Fees if a client elected to purchase an insurance policy through Beacon Insurance. Clients are under no obligation to implement any insurance or annuity transaction through Beacon Insurance.

## **3<sup>RD</sup> PARTY ADVISOR**

Beacon has legacy clients, in which Beacon developed a program, previously described in Items 4 & 5 of this Brochure, designed to allow the Firm to recommend a 3<sup>rd</sup> Party Advisor to manage a clients assets pursuant to a 3<sup>rd</sup> Party Advisor Agreement. For these legacy clients, the 3<sup>rd</sup> Party Advisor will pay the Firm a portion of the fees you are charged in the form of a referral fee. Please refer to Items 4 and 5 for full details regarding the programs, fees, conflicts of interest and material arrangements when Beacon selects other investment advisers.

Knight Legal share office space with the Firm. Certain employees of the Firm perform administrative function for this non-affiliated entity. The Firm may refer clients to this entity, however the Firm does not receive any form of compensation for such referral. Clients are not obligated to engage such entity.

## **Item 10. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING**

The Firm has adopted a Code of Ethics (the “**Code**”). The Code provides that each employee should place the interests of the Firm’s clients ahead of their own. Each employee is required to conduct all personal securities transactions in a manner that is consistent with the Code and to avoid any actual or potential conflict of interest. No employee may misuse information about client accounts, abuse his or her position of trust and responsibility or take inappropriate advantage of his or her position. The Firm has a policy concerning trading by personnel of the Firm and its employees, the receipt of and giving of gifts, political contribution and outside business activities, which the Firm believes is reasonably designed to minimize potential conflicts of interest between the Firm and its’ Clients.

A copy of the Code is available free upon request to any client or prospective client.

## **INSIDER TRADING POLICY**

It is further noted that the Firm has policies and procedures in place that are reasonably designed to ensure compliance with the Insider Trading and Securities Fraud Enforcement Act of 1988. Specifically, the Firm has adopted a firm-wide policy statement that outlines insider trading compliance by the Firm and its associated persons or other employees. This statement has been distributed to all associated persons and other employees of the Firm and has been signed by each such person. Further, the Firm has adopted a written supervisory procedures statement highlighting the steps that shall be taken to implement the firm-wide policy. There are provisions adopted for (1) restricting access to files, (2) restricting and/or monitoring trading on those securities of which the Firm’s employees may have non-public information, and (3) monitoring the securities trading of the Firm and its employees and associated persons.

## **Item 11. BROKERAGE PRACTICES**

### **SELECTION AND RECOMMENDATION**

Beacon generally recommends broker-dealers or custodians with whom it has established arrangements or agreements. Beacon participates in the TD Ameritrade Institutional Program. TD Ameritrade Institutional Program, is a division of TD Ameritrade, Inc. (collectively “**TD Ameritrade**”), which is an independent and unaffiliated FINRA registered broker-dealer and SIPC/NFA member. TD Ameritrade offers independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. The Firm may receive some of these benefits from TD Ameritrade through its participation in the program.

As stated above, Beacon is separate and unaffiliated with TD Ameritrade. This arrangement is designed to maximize efficiency, enhance the ability to monitor positions, and to be cost effective for clients. By recommending that clients use the specified custodian, we seek to achieve the most favorable execution of client transactions.

Factors considered by the Firm in making a recommendation of a brokerage firm include the size and reputation of the firm, its capital position, its commission rates in comparison to other firms, and its reporting procedures on client accounts. The Firm will not accept custody of any client funds or securities.

Some clients are unable to select TD Ameritrade because (i) the account is a “defined contribution plan,” in which the administrator and/or trustee of the account has sole discretion on the selection of the custodian/broker for custodial and execution services or (ii) the client is affiliated with a securities firm (for example, investment bankers), and required by their employer to maintain their investment account at the employer. For these type of situations, the Firm will be limited to trading a client’s account through the client’s designated broker. In addition, there is the potential that the client could pay higher net execution costs than it would have paid if the client selected TD Ameritrade to provide custody and execution services for the client’s account(s) managed by the Firm. The Firm shall, however, review from time to time the arrangements with the recommended custodian against other possible arrangements in the marketplace to ensure that the Firm is achieving best execution. As such, limitations will exist with respect to competitive pricing of investments and execution costs.

For legacy clients that have entered into a separate advisory agreement with an 3<sup>rd</sup> Party Advisor, those clients need to look to the Brochure of that 3<sup>rd</sup> Party Advisor pertaining to its brokerage practices.

### **BEST EXECUTION**

Factors that the Firm considers in recommending TD Ameritrade include historical relationship with the Firm, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Firm's clients shall comply with the Firm's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to affect the same transaction where the Firm determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although the Firm will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the TD Ameritrade are exclusive of, and in addition to, the Firm's Fees.



The Firm's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

#### **BENEFITS FROM THE RECOMMENDED CUSTODIAN**

The Firm receives from TD Ameritrade such products and services that help the Firm to better manage and administer each client's accounts. These services and/or benefits are received at no additional cost to the client or Firm. Such services are computer software and related systems support that allow the Firm to better monitor client accounts maintained at TD Ameritrade. TD Ameritrade also provides the Firm and its clients with access to institutional brokerage-trading, custody, reporting, and related services, which are not typically available to retail customers. It also makes available various support services to the Firm, which help manage or administer client accounts.

In addition, the Firm may receive the following benefits: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively serves institutional brokerage group participants; access to block trading services that provide the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts, and/or access to an electronic communication network for client order entry and account information, facilitate payment of the Firm fees from client's accounts, and assist with back office functions, recordkeeping and client reporting.

The availability of these services benefits the Firm because it does not have to produce or purchase such services. The services are not contingent upon the Firm committing any specific amount of business to TD Ameritrade. The benefits the Firm receives, that its clients may also benefit from, may give the Firm an incentive to recommend clients to maintain their accounts with TD Ameritrade. Based on the Firm's interest in receiving services that benefit the Firm's business rather than based solely on the client's interest, the Firm's clients may not receive the best value in custody service and the most favorable execution of the client's transactions. In the opinion of the Firm, this does not disadvantage Firm's clients, because (i) the Firm's selection is primarily based on the scope, quality, and pricing for TD Ameritrade's and (ii) these services are those that are generally provided (without cost) to investment advisors by other custodians.

#### **USE OF SOFT DOLLARS**

The Firm does not participate in any soft dollar arrangements in which it receives credits from broker-dealers that may be used to offset the cost of research provided by such broker-dealer.

#### **VALUATION**

The Firm will rely on the custodians and/or independent 3<sup>rd</sup> Party pricing services to value securities in each client's accounts that are listed on a national securities exchange or on NASDAQ at the last quoted sales price on the principal market where the securities are traded.

#### **TRADE ERRORS**

From time-to-time, the Firm may make an error in submitting or processing a trade order. When this occurs, the Firm will correct the trade, depending on the facts and circumstances associated with the error itself and at the time the error was discovered. The Firm attempts to minimize the impact of trade errors by promptly performing daily reconciliation procedures with order tickets and intended orders. Trading errors will be corrected at no cost to client. Broker-dealers are not permitted to assume responsibility for trade error losses caused by the Firm. Nor may there be any reciprocal arrangements with respect to the trade in question or any subsequent trade to encourage the broker to assume responsibility for such losses.

In most cases, the Firm will correct trade errors via the executing broker-dealer's trade error desk. This process effectively cancels the original trade and replaces it with the correct trade by moving the original

trade into the Firm's Trade Error Account ("**Error Account**") and putting the correct trade into the client's account. In other words, the original trade (the trade made in error) is removed from the client's account and has no impact on the client. If there is a cost associated with this correction, such cost is borne by the Firm. Occasionally, this method of correcting an error results in a gain. Because this gain actually occurs in the Firm's Error Account, the Firm does may credit such gains to the client's account..

### **CROSS TRADES**

The Firm does not engage in cross trades between client accounts or the Firm and client accounts.

### **BALANCING THE INTERESTS OF MULTIPLE CLIENT ACCOUNTS.**

The Firm may manage numerous accounts with similar or identical investment objectives or may manage accounts with different objectives that may trade in the same securities. Despite such similarities, portfolio decisions relating to a client's investments and the performance resulting from such decisions may differ from client to client.

### **AGGREGATING (BLOCK) TRADING FOR MULTIPLE CLIENT ACCOUNTS.**

The Firm will not necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all eligible clients, particularly if different clients have materially different amounts of capital under management by the Firm or different amounts of investable cash available. Therefore, not all clients will necessarily participate in the same investment opportunities or participate on the same basis.

The Firm may allocate investment and trading opportunities among various clients in a manner believed by the Firm to be fair and equitable to each client over time. The Firm may place a Block Trade to purchase or sell the same security for multiple accounts if the Firm believes it will result in a more consistent execution among clients. The Firm will not include a client in a Block Trade unless the transaction is consistent with the client's investment objectives and/or restrictions. In determining to include or exclude a client's account in a Block Trade, the Firm will take into account the following factors:

- The client's investment objectives and strategies
- The composition, size and characteristics of an account
- The cash flows and amount of investment funds available to each client
- The amount already committed by each client to a specific investment
- Each client's risk tolerance and the relative risk of the investment
- The marketability of the security being considered
- Whether the Advisor has trading discretion over the account.

### **PRINCIPAL TRANSACTIONS**

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "**principal transaction**"), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction. In connection with the Firm's management of its clients account(s) that received Portfolio Management Services, the Firm and its affiliates do not engage in principal transactions.

## **CLIENT REFERRALS**

Beacon does not receive client referrals from broker-dealers or third parties in exchange for using their services.

## **Item 12. REVIEW OF ACCOUNTS**

### **FREQUENCY AND NATURE OF PERIODIC REVIEWS AND WHO MAKES THOSE REVIEWS.**

Upon notification of changes to a client's goals, investment objectives, risk tolerance, employment, or other financial situation the Firm will review the accounts and make changes if required. The Firm will conduct a review upon a request from a client for a meeting, review or in preparation for an annual review with a client.

All client accounts are reviewed at least monthly by the Supervisor to insure the accounts are within their respective investment policies and risk tolerance levels.

#### **a) Factors That May Trigger a Non-Periodic Review of Client Accounts**

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

#### **b) Content and Frequency of Regular Reports Provided to Clients**

Each client of the Firm will receive a monthly account statement directly from its' qualified custodian. The statement will detail the client's account, including assets held, asset value, and management fees charged. Please review the account statements carefully by comparing asset values, holdings, and advisory fees to that in previously received statements, and confirmations.

#### **c) Quarterly Review**

The Firm reviews each client's investment objective, guidelines and any restrictions before acceptance of a client account. Client account(s) are monitored monthly for compliance with the account's investment guidelines and any restrictions. Exceptions are reviewed with the Firm's Supervisor.

## **Item 13. CLIENT REFERRALS AND OTHER COMPENSATION**

Except for legacy clients that were recommended to a 3<sup>rd</sup> Party Advisor to manage a client's assets pursuant to a 3<sup>rd</sup> Party Advisor Agreement, as described in Items 4 and 10 above, the Firm nor its associates receive compensation (commissions) generated from security related transactions and does not compensate any third party for client referrals.

### **TD AMERITRADE**

As disclosed under Item 11 above, Beacon participates in TD Ameritrade's Institutional Program and Beacon may recommend TD Ameritrade to clients for custody and brokerage services.

There is no direct link between Beacon's participation in the program and the investment advice it gives to its clients, although Beacon receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors.

These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Beacon participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic

communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Beacon by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by Beacon's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Beacon but may not benefit its client accounts. These products or services may assist Beacon in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Beacon manage and further develop its business enterprise. The benefits received by Beacon or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Beacon endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Beacon or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Beacon's choice of TD Ameritrade for custody and brokerage services.

Beacon also receives from TD Ameritrade certain additional economic benefits ("**Additional Services**") that may or may not be offered to any other independent investment advisors participating in the program. Specifically, the Additional Services include technology services including cybersecurity and network support from LBMC Technologies Solutions, Inc. TD Ameritrade provides the Additional Services to Beacon in its sole discretion and at its own expense, and Beacon does not pay any fees to TD Ameritrade for these Additional Services. Beacon and TD Ameritrade have entered into a separate agreement ("**Additional Services Addendum**") to govern the terms of the provision of the Additional Services.

Beacon's receipt of Additional Services raises potential conflicts of interest. In providing these Additional Services to Beacon, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, Beacon's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Beacon, in its sole discretion, provided certain conditions are met.

Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Beacon may have an incentive to recommend to its clients that the assets under management by Beacon be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Beacon's receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including to seek best execution of trades for client accounts.

## **AE WEALTH**

Beacon Capital Management uses AE Wealth Management as our Turnkey Asset Management Program (TAMP). There is no direct link between Beacon's participation in the program and the investment advice it gives to its clients, although Beacon receives economic benefits through its participation in the program.

These benefits include the following products and services: research related products and tools; access to a trading desk serving Beacon participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the calculation and direct deduction of advisory fees deducted directly from client accounts; access to institutional money managers and model portfolios; access to Orion, an account and performance reporting tool; access to Riskalyze, a risk tolerance analysis program. Additionally, AE Wealth's affiliated firm, Advisor's Excel provides the following products and services: access to Retirement

Analyzer, a financial planning software; marketing support through use of television studio and the production of the television and radio shows.

Some of the products and services made available by AE Wealth Management through the program benefit Beacon but may not benefit its client accounts. These products or services assist Beacon in managing and administering client accounts, including accounts not maintained at AE Wealth Management. Other services made available by AE Wealth Management are intended to help Beacon manage and further develop its business enterprise. The benefits received by Beacon or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to AE Wealth Management. As part of its fiduciary duties to clients, Beacon endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Beacon or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Beacon's choice of AE Wealth Management for their services.

#### **iCAPITAL**

Beacon Capital Management uses Institutional Capital Network, Inc. (iCapital) as a third-party vendor in the purchase of structured notes. There is no direct link between Beacon's participation with iCapital and the investment advice it gives to its clients, although Beacon receives economic benefits through its participation in the program.

These benefits include the following products and services (provided without cost or at a discount): research related products and tools; access to Simon, a portfolio analysis software; access to research related products and tools.

Some of the products and services made available by iCapital through the program benefit Beacon but may not benefit its client accounts. These products or services assist Beacon in managing and administering client accounts. Other services made available by iCapital are intended to help Beacon manage and further develop its business enterprise. The benefits received by Beacon or its personnel through participation in the program are not tied to any recommendation made to the clients by the Firm and are such benefits made solely at the discretion of iCapital. As part of its fiduciary duties to clients, Beacon endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Beacon or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Beacon's choice of iCapital for their services.

#### **INSURANCE PRODUCTS**

As mentioned in Item 4 above, an investment adviser representative may at their discretion provide supplemental Insurance planning or consulting services on a complementary basis through its affiliated entity Beacon Insurance.

Your investment adviser representative in his or her separate capacity as an insurance agent may suggest that you implement recommendations of Beacon Insurance by purchasing disability insurance, life insurance, annuities, or other insurance products. Your investment adviser representative may receive commissions in its capacity as an insurance agent. This receipt of commissions creates an incentive for the representative to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as an insurance agent, rather than on a client's needs. Consequently, the advice rendered to you could be biased. You are under no obligation to implement any insurance or annuity transaction through your investment adviser representative.

#### **Item 14. CUSTODY**

Beacon Capital Management requires that clients' assets be held by a qualified custodian. Although we

do not hold assets, Beacon Capital Management or the applicable outside provider may have limited control in some instances to trade on your behalf, to deduct our advisory fees from your account with your authorization, or to request disbursements to you or outside parties designate by you (although various types of written authorizations are required depending on the types of disbursements). For fees to be deducted, the firm will comply with applicable jurisdictional regulations.

You will receive account statements directly from your custodian at least quarterly, which will be sent to the email or postal mailing address you provide. Beacon Capital Management urges clients to carefully review custodial statements and compare them to any account reports that we might provide.

#### **Item 15. INVESTMENT DISCRETION**

Pursuant to the Agreement between the client and Firm, the Firm provides discretionary investment advisory services and to a limited extent non-discretionary services, in which case the Firm places trades on behalf of client's account(s) without contacting the client prior to each trade to obtain the client's permission. Clients may impose reasonable restrictions on investing in certain securities, types of securities, industries and/or sectors.

When appropriate, as discussed in Item 4 above, Beacon may allocate a portion of a client's assets among a relatively concentrated group of 3<sup>rd</sup> party managers. The selection and allocation of assets among the 3<sup>rd</sup> party managers will be in the sole and exclusive discretion of the Firm and will not incur any additional Fee to the client.

#### **Item 16. VOTING CLIENT SECURITIES**

Beacon and its representatives do not participate in proxy voting on behalf of clients or prepare class action suit filings for or on behalf of its clients. Clients are responsible for proxy voting with respect to the proxies solicited by issuers of securities and for making elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings and other types of events pertaining to the securities in a client's account(s). Clients will receive proxy and other solicitation information by mail from their custodian/broker-dealer. Clients must follow the solicitation instructions for voting included with the information.

#### **Item 17. FINANCIAL INFORMATION**

Beacon does not require or solicit prepayment of any amount of fees for our services. The Firm is not subject of a financial condition that is reasonably likely to impair its' ability to meet contractual commitments to clients. Beacon has never been the subject of a bankruptcy petition.