

Beacon Capital Management, Inc.

Wrap Fee Program Brochure

This brochure provides information about the qualifications and business practices of Beacon Capital Management, Inc.. If you have any questions about the contents of this brochure, please do not hesitate to contact us at (937) 439-9093 or by email at: cook@beaconinvesting.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Beacon Capital Management, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov. Beacon Capital Management, Inc.'s CRD number is: 120641

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Registration does not imply a certain level of skill or training.
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ITEM 2: MATERIAL CHANGES

The following items were updated since Beacon Capital Management, Inc.'s (BCM) last annual update filing on March 26, 2015 which constitutes as Material Changes:

- Beacon Capital Management Inc.'s Dayton, Ohio headquarters moved on February 29th 2016. The firm's headquarters moved from 323 Regency Ridge Dr., Dayton, OH 45459 to 7777 Washington Village Dr., Suite 280, Dayton, OH 45459.
- Item 4 – BCM has updated the total amount of Wrap Assets Under Management.
- Item 9A (v) – BCM has added another financial industry activity for the firm/firm personnel as BCM Investment Adviser Representative; Martin Jaras also now acts as an Investment Advisor Representative for Jaras Financial Services, Inc.
- Item 9B (viii) – BCM has added language to describe the "Additional Services Addendum" executed by BCM and TD Ameritrade, and the subsequent "Additional Services" the firm receives from TD Ameritrade by participating in the TD Ameritrade Institutional program.

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ITEM 4: SERVICES FEES AND COMPENSATION

Beacon Capital Management, Inc. (hereinafter “BCM”) offers wrap fee program services to its Investment Supervisory and Investment Advisory Services clients that will utilize TD Ameritrade as their custodian. BCM participates in wrap fee programs; which is an investment program where the investor pays one stated fee that includes management fees and transaction costs from the custodian. BCM does manage the investments in the wrap fee program. BCM does not manage those wrap fee accounts any differently than non-wrap fee accounts. A portion of the fees paid to the wrap account program will be given to BCM as a management fee.

A. Description of Wrap Investment Advisory Services Offered

i. Investment Supervisory Services

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

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

BCM evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. BCM will request discretionary authority via an Investment Advisory Agreement from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Management Planning Questionnaire, which is given to each client.

ii. Investment Advisory Services

BCM provides Investment Advisory Services to clients who are referred to BCM through investment advisor representatives and registered representatives of Registered Investment Advisers and Broker-Dealers known as (“Solicitors”). A prospective client that becomes a client of BCM as a direct result of the solicitor is identified as a “Solicited Client”.

Investment Advisory Services for the Solicited Client require the Solicitor, through its representatives to introduce and assist clients in establishing a relationship with BCM. These services include but are not limited to; periodic client contact, being available to answer client inquires, updating client information, gathering suitability information, gaging client risk tolerance, meeting at least annually to determine if there is a change in the client’s financial situation, assisting the prospective client in understanding the services and strategies provided by BCM and ultimately helping clients to determine the most appropriate BCM model portfolio strategy or “Solicitor Customized” portfolio for each client’s personal financial situation. A list of the BCM model portfolio strategies offered to Investment Advisory Service clients is listed below.

A “Solicitor Customized” portfolio refers to the Solicitor’s ability to create their own BCM portfolio for a given client by selecting individual mutual funds and/or by blending different BCM model portfolio strategies for use in a client account. In addition, the Solicitor is able to determine the target allocations for each individual mutual fund and/or the blended model strategies to be used in the client account in order to achieve the desired investment allocation for a given client.

Once the Solicitor and Solicited Client have worked to determine the most appropriate BCM model portfolio strategy or Solicitor Customized portfolio for their needs, BCM will manage the client account continuously based upon the portfolio’s goals and objectives, rather than on each client’s individual needs. However, each client will have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. These reasonable restrictions must be conveyed to BCM by the Solicited Client prior to the establishment of the client account via a written “Reasonable Investment Restriction Request”.

As BCM manages the client account, the accounts’ actual stock-to-bond ratio will deviate around the target stock-to-bond ratio of the model portfolio. Although the client account’s target stock-to-bond ratio will be maintained, BCM may change the specific mutual funds, Exchanged Traded Funds (“ETFs”) or other investments being used in the client account at BCM’s discretion.

BCM will require a New Account Package from the Solicited Client which details BCM's responsibilities to the client, the soliciting advisor's responsibilities to the client and the client's responsibilities to BCM. Also via the New Account Package, clients will provide to BCM some but not exclusively the following; basic personal and suitability information, desired investment allocation, solicitor/advisor authorization (if desired), discretionary trading authority, authorization for direct management fee deduction and acknowledgment and agreement on the amount of management fees to be assessed to the client on an annual basis.

The following are the model portfolio strategies BCM currently offers via Investment Advisory Services within the wrap program at TD Ameritrade:

a. Beacon Vantage 1.0 Portfolios

The Beacon Vantage 1.0 Portfolios service utilizes an asset-class diversification strategy based on the work of Eugene Fama and Kenneth French, which emphasizes small company stocks and value stocks.

- **Investor Objectives** – The Beacon Vantage 1.0 Portfolios are for investors with a long-term perspective. Rather than attempting to “beat the market,” these portfolios are designed to capture the returns from investments that we believe have been proven with academic research to compensate investors over the long-term. Investors are willing to accept short-term underperformance to increase the probability of long-term results.
- **Asset Allocation** – The Beacon Vantage 1.0 Portfolios are designed to take advantage of superior long-term returns which can be delivered by small company stocks. These portfolios invest in small company stocks diversified across domestic, international and emerging markets.
- **Risk Management** – The Beacon Vantage 1.0 Portfolios utilize a risk optimization process that manages volatility with a strict “risk budget” for each portfolio. During periods when small company stocks have high volatility, the portfolio's allocation is shifted to a heavier fixed income investment to stay within the “risk budget.” The same but opposite principle is applied when small company stocks have relatively low volatility.

The Beacon Vantage 1.0 Portfolios service typically invests in 5-12 different mutual funds purchased at Net Asset Value (“NAV”). Front-end sales loads are avoided with this service.

b. Beacon Vantage 2.0 Portfolios

The Beacon Vantage 2.0 Portfolio strategies utilize an asset-class diversification strategy based on the work of Burton Malkiel, which states that; analysts don't have all the information necessary to predict movements in the market; that each sector of the market responds uniquely to given economic conditions; and that sectors seldom move in tandem with one another. It is this thought process which has led BCM to use sectors as the primary investment vehicle for the Vantage 2.0 Portfolio strategies.

- **Investor Objectives** – The Beacon Vantage 2.0 Portfolios are for investors seeking consistent results. These portfolios are designed to avoid significant losses while attempting to generate consistent returns. Investors are willing to sacrifice the highest possible returns in the market for a higher level of risk control.
- **Asset Allocation** – The Beacon Vantage 2.0 Portfolios are highly diversified across all market sectors. These portfolios are diversified across 11 different market sectors. Rather than attempt to predict which sector, such as technology, health care or energy, is going to be in favor, these portfolios invest in all sectors equally.
- **Risk Management** – The Beacon Vantage 2.0 Portfolios utilize a stop-loss strategy that automatically withdraws investors from their equity positions if the investment loss of the Vantage 2.0 Benchmark Index hits a predetermined amount. This approach attempts to provide a safety valve during extreme bear markets when standard asset allocation diversification may not be enough to protect investor principle.

The Beacon Vantage 2.0 Portfolios service typically invests in 11-15 different exchange-traded funds (ETFs). There are no sales loads with this service.

The minimum account size for the Beacon Vantage 2.0 Portfolios service is \$25,000.

As of 12/31/2015

Total Wrap Assets Under Management	Maximum Annual Fee (including wrapped fees)	Maximum Annual Fee to BCM (excluding wrapped fees)
\$1,349,581,536	1.80%	1.74%

There is a minimum annual fee of \$400. These fees are negotiable and the final fee schedule is attached in the Investment Advisory Contract/Investment Management Agreement. Fees are paid monthly or quarterly in advance or in arrears depending upon client situation, and clients may terminate their contracts with ten days' written notice. For fees charged in arrears, no refund policy is necessary. For fees charged in advance, refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract/new account package. Advisory fees are withdrawn directly from the client's accounts with client written authorization. The client may also pay fees and expenses related to the client's investments in the underlay mutual funds, ETFs or other investment vehicles used within their account. A description of these fees and expenses can be found in each funds' prospectus.

iii. Services Limited to Specific Types of Investments

BCM limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, third party money managers, REITs, insurance products including annuities, and government securities. BCM may use other securities as well to help diversify a portfolio when applicable.

B. Contribution Cost Factors

The program may cost the client more or less than purchasing such services separately. There are several factors that bear upon the relative cost of the program including the cost of the services if provided separately and the trading activity in the client's account.

C. Additional Fees

Although the wrap fee program is one fee for all management and brokerage services, there may be additional fees not associated with the management of client's account. These fees may include trading fees, national securities exchange fees, wire transfer fees, or other fees required by law.

D. Compensation of Client Participation

Neither BCM, nor any representatives of BCM receive any additional compensation for the participation of client's in the wrap fee program. However, compensation received may be more than what would have been received if Client paid separately for investment advice, brokerage, and/or for other services. Therefore, BCM may have a financial incentive to recommend the wrap fee program to clients.

ITEM 5: ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

BCM generally provides its wrap fee program services to the following types of clients:

- Individuals
- High-Net-Worth Individuals
- Pension and Profit Sharing Plans
- Corporations or Business Entities

A. Minimum Account Size

BCM requires a minimum account of \$25,000 for the Beacon Vantage 1.0 Portfolio Service, and the Beacon Vantage 2.0 Portfolio service. These minimum account requirements may be negotiable at BCM 's discretion based on the client's individual circumstances. BCM may group certain related client accounts for the purposes of achieving the minimum account size.

ITEM 6: PORTFOLIO MANAGER SELECTION AND EVALUATION

A. Selecting/Reviewing Portfolio Managers

BCM will not select any outside portfolio managers for management of this wrap fee program. James Christopher Cook and Brandon Bianchi will be the portfolio managers for this wrap fee program.

i. Standards Used to Calculate Portfolio Manager Performance

BCM will use industry standards to calculate portfolio manager performance.

ii. Review of Performance Information

BCM reviews the performance information to determine and verify its accuracy and compliance with presentation standards. The performance information is reviewed daily and is reviewed by BCM.

B. Related Persons

No related persons act as a portfolio manager for the wrap fee program as described in this brochure. As such, there are no conflicts of interest with related persons and BCM will not select any related persons as portfolio managers for this wrap fee program.

C. Advisory Business

BCM offers investment supervisory and investment advisory services to its wrap fee program participants as detailed in Section 4 above. BCM limits its investment advice and/or money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, third party money managers, REITs, insurance products including annuities, and government securities. BCM may use other securities as well to help diversify a portfolio when applicable.

i. Client Tailored Services and Client Imposed Restrictions

BCM offers the same suite of services to all of its clients within the same type of Advisory Service. When applicable, specific client financial plans and their implementation are dependent upon; the client Investment Management Planning Questionnaire which outlines each client's current situation (income, tax levels, and risk tolerance levels), or the information obtained by BCM from the client via the Solicitor, both of which can be used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent BCM from properly servicing the client account, or if the restrictions would require BCM to deviate from its standard suite of services, BCM reserves the right to end the relationship.

ii. Wrap Fee Programs

BCM participates in wrap fee programs. A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. BCM does manage the investments in the wrap fee program. BCM does not manage those wrap fee accounts any differently than non-wrap fee accounts. A portion of the fees paid to the wrap account program will be given to BCM as a management fee.

iii. Performance Based Fees

BCM does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

iv. Methods of Analysis

BCM's methods of analysis include fundamental analysis and technical analysis.

- **Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.
- **Technical analysis** involves the analysis of past market data; primarily price and volume.

Investment Strategies

BCM uses Long Term and Short Term Trading strategies.

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

v. Material Risks Involved

Methods of Analysis

- **Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectation of perceived value.
- **Technical analysis** attempts to predict a future stock price or direction based on market trends and/or historical analysis. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

Investment Strategies

- **Long Term Trading** is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.
- **Short Term Trading** generally holds greater risk and clients should be aware that there is a chance of material risk of loss using any of those strategies.

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

vi. Voting Client Proxies

BCM will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

ITEM 7: CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

James Christopher Cook and Brandon Bianchi are the portfolio managers for this wrap fee program. All client information that is collected, including basic information, risk tolerance, sophistication level, and income level will be collected by James Christopher Cook and Brandon Bianchi via the Investment Management Planning Questionnaire or via the client's Solicitor/Soliciting Advisor of record. As that information changes and is updated, BCM is to have immediate access to that information from the client via a new Questionnaire or via information received on behalf of the client from their Solicitor/Soliciting Advisor of record. Once the updated information is collected, BCM will process and implement appropriate management updates.

ITEM 8: CLIENT CONTACT WITH PORTFOLIO MANAGERS

BCM places no restrictions on client ability to contact its portfolio managers. James Christopher Cook and Brandon Bianchi can be contacted during regular business hours and his contact information is on the cover page of this brochure.

ITEM 9: ADDITIONAL INFORMATION

A. Disciplinary Action and Other Financial Industry Activities

- Criminal or Civil Actions**
There are no criminal or civil actions to report.
- Administrative Proceedings**
There are no administrative proceedings to report.
- Self-regulatory Organization (SR) Proceedings**
There are no self-regulatory organization proceedings to report.
- Registration as a Broker/Dealer or Broker/Dealer Representative**
Martin Jaras is licensed as a registered representative of The Tavenner Company, Inc. ("TCI"), a NASD registered broker dealer. From time to time, he will offer clients advice or products from those activities. Clients should be aware that these

services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. BCM always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of BCM in their capacity as a registered representative.

v. Registration as an Investment Advisor Representative of another Registered Investment Adviser

In addition to being an Investment Advisor Representative ("IAR") for Beacon Capital Management, Inc., Martin Jaras is also an IAR for Jaras Financial Services, Inc. (CRD # 282126) as well as Jaras Financial Services' ("JFS") president. BCM and JFS are not affiliated and BCM receives no compensation or client referrals from JFS and JFS receives no compensation from BCM other than compensation associated with the advisory services performed by Martin Jaras for BCM clients as a BCM IAR. No client of JFS is required to use BCM for any investment advisory services and no client of BCM is required to use any investment advisory services of JFS.

vi. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither BCM nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

vii. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Associated persons of BCM are insurance agents or brokers for one or more insurance companies. From time to time, they will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. BCM always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of BCM in their capacity as an insurance agent.

Martin Jaras, a BCM portfolio manager, is the President of Jaras Financial Services, Inc. ("JFS"). JFS specializes in pension plan consulting and administration, as well as general business consulting. The consulting services provided by Mr. Jaras through JFS are provided for separate, yet customary compensation, and are entirely separate and distinct from the advisory services provided by BCM. Furthermore, Mr. Jaras is an accountant and maintains a private accounting practice. Accounting and tax preparation services provided by Mr. Jaras are separate and distinct from the advisory services provided by BCM, and are provided for separate and typical compensation. No BCM client is obligated to use Mr. Jaras for any accounting and/or tax preparation services, and no accounting/tax client of Mr. Jaras is obligated to utilize the advisory services of BCM.

Mr. Jaras is also the co-owner of a corporation d/b/a Handel Davies Sales Company ("HDSC"). HDSC is a wholesale distributor of specialty mats and cables in addition to pipe connectors used by electrical contractors.

viii. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections

BCM does not utilize nor select other advisors or third party managers for its wrap program. All wrap assets are managed by BCM management.

B. Code of Ethics, Client Referrals and Financial Information

i. Code of Ethics

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

ii. Recommendations Involving Material Financial Interests

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

iii. Investing Personal Money in the Same Securities as Clients

From time to time, representatives of BCM may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of BCM to buy or sell the same securities before or after

recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. BCM will always document any transactions that could be construed as conflicts of interest and will always transact client business before or simultaneously with their own when similar securities are being bought or sold.

iv. Trading Securities At/Around the Same Time as Clients' Securities

From time to time, representatives of BCM may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of BCM to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. BCM representatives will always transact client transactions simultaneously with, or before their own.

v. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

Client accounts are reviewed at least daily by James Christopher Cook and Brandon Bianchi. They are the chief advisors and are instructed to review clients' accounts with regards to their investment advisory program, investment policies and risk tolerance levels.

vi. Factors That Will Trigger a Non-Periodic Review of Client Accounts

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

vii. Content and Frequency of Regular Reports Provided to Clients

Each client will receive at least quarterly a quarterly performance evaluation report from BCM detailing the client's account. Each client will also receive a monthly statement from their custodian detailing their account.

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

BCM may receive some economic benefit from our custodians in the form of support products and services it makes available to us and other independent investment advisors that have their client accounts maintained at TD Ameritrade, Schwab, Fidelity or First Clearing. These products and services, how they benefit us, and the related conflicts of interest are also described in BCM's Form ADV 2A under Item 12 – "Brokerage Practices". The availability to us of products and services offered by TD Ameritrade, Schwab, Fidelity or First Clearing is not based on us giving particular investment advice, such as buying particular securities for our clients.

As described in BCM's Form ADV 2A; Item 12; for clients in need of brokerage or custodial services, and depending on client circumstances and needs, BCM may recommend the use of one of several broker dealers, provided BCM can meet its fiduciary obligation of best execution. BCM clients must evaluate these brokers before opening an account. The factors considered by BCM when making this recommendation are the broker's ability to provide professional services, BCM's experience with the broker, the broker's reputation, and the broker's quality of execution services and costs of such services, among other factors. Clients are not under any obligation to effect trades through any recommended broker.

BCM participates in the following custodial programs which it may recommend to wrap clients; the TD Ameritrade Institutional program, a division of TD Ameritrade, Inc. ('TD Ameritrade'), member FINRA/SIPC/NFA. TD Ameritrade is a SEC registered broker dealer. TD Ameritrade is not affiliated with BCM. As part of this program, BCM receives benefits that it would not receive if it did not offer investment advice. Note there is no direct link between BCM's participation in the custodial program and the investment advice given to wrap clients.

TD Ameritrade offers services to independently registered investment advisers which include custody of securities, trade execution and clearance and settlement of transactions. BCM receives some benefits from TD Ameritrade through its participation in the custodian's program.

Clients directing us to manage accounts with a specific broker/dealer and their affiliated custodian, including those recommended by us, have the sole responsibility for negotiating commission rates and other transaction costs with the broker/dealer and/or custodian. Clients may be able to obtain lower transaction fee and/or charges with broker/dealers and custodians other than those selected by us, but they will not be eligible for enrollment in BCM's wrap fee program. As previously disclosed, associated persons of BCM are separately registered as representatives of The Tavenner Company, Inc. ("TCI"), a broker dealer and FINRA member firm.

Broker dealers are required to supervise the securities trading activities of its representatives. Clients may request that brokerage transactions be directed to a particular broker or dealer. However, if BCM believes that the use of the client's selected broker dealer would hinder the firm meeting its supervisory obligations, BCM will not be able to accept the account. Furthermore, if BCM believes that the use of that broker dealer would hinder BCM in meeting its fiduciary obligations, BCM will not be able to accept the account.

BCM and/or associated persons may, from time to time, receive incentive awards for the recommendation/introduction of insurance products. The receipt of this compensation may affect BCM's judgment in recommending products to its clients. Associated persons of BCM may, from time to time, receive 12b-1 distribution fees from investment companies in connection with the placement of client funds into investment companies. TD Ameritrade also make available to BCM other products and services that benefit BCM but may not benefit its clients' accounts.

Some of these other products and services assist BCM in managing and administering clients' accounts. These include; software and other technologies that provide access to client account data (such as trade confirmations and account statements), facilitating trade execution (and allocation of aggregated trade orders for multiple client accounts), access to funds with no transaction fees and to certain institutional money managers, facilitating payment of BCM's fees from its clients' accounts, providing research products and tools, pricing information and other market data, discounts on; compliance, marketing, research, technology, practice management products or services provided to BCM by third party vendors, and assisting with back-office functions, customer relationship management, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of BCM's accounts. Recommended brokers also make available to BCM other services intended to help BCM manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing.

BCM does not, however, enter into any commitments with the brokers for transaction levels in exchange for any services or products from brokers. While as a fiduciary, BCM endeavors to act in its clients' best interests, BCM's requirement that wrap clients maintain their assets in accounts at TD Ameritrade may be based in part on the benefit to BCM of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the brokers, which may create a potential conflict of interest.

By receiving some of the additional products and services described above, BCM may receive certain additional economic benefits which may or may not be offered to other independent advisors that also participate in the TD Ameritrade service program. BCM's receipt of additional products and services does not diminish BCM's duty to act in the best interest of our clients, including seeking best execution of trades for client accounts.

Note through is participation in the TD Ameritrade program; BCM 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 TD Ameritrade program. Specifically, the Additional Services include; compensation for the consultation for and customization of Salesforce; a client contact management system. TD Ameritrade provides the Additional Services to BCM in its sole discretion and at its own expense, and BCM does not pay any fees to TD Ameritrade for the Additional Services. BCM and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the Additional services provision. BCM's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to BCM, TD Ameritrade likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, BCM's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with BCM, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, BCM may have an incentive to recommend to its clients that the assets under management by BCM be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. BCM's receipt of Additional Services does not diminish its duty to act in the best interests of its clients, including seeking best execution of trades for client accounts.

ix. Compensation to Non – Advisory Personnel for Client Referrals

BCM enters into marketing arrangements with broker/dealers, registered investment advisers and independent financial professionals pursuant to which representatives of their firms ("Solicitors") offer our services to the public. These Solicitors refer us the majority of our clients. Through these arrangements, BCM may pay a cash referral fee to the Solicitor and/or a Soliciting Advisor based upon a percentage of our investment management fee. The amount of the referral fee may be up to 95% of the amount of the investment management fee received from you. In connection with these arrangements, BCM will comply with Rule 206(4)-3 under the Advisers Act.

The referral fee is paid pursuant to a written agreement, which is retained by the Solicitor, the Soliciting Advisor, and BCM. This information is disclosed to you prior to or at the time of entering into an investment management agreement with BCM. Solicitors, on their own and not related in any way to their solicitors' agreements with BCM and not on BCM's recommendation, also sell insurance, annuities, mutual funds, stocks, bonds, and/or limited partnerships to clients. These solicitors may receive separate and typical commissions on the sale of these products. BCM may pay a portion of the investment management fee to other affiliated or non-affiliated parties who assist with certain administrative tasks associated with the management of your account.

x. Balance Sheet

BCM does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

xi. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither BCM nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

xii. Bankruptcy Petitions in Previous Ten Years

BCM has not been the subject of a bankruptcy