

Item 1: Cover Page



7777 Washington Village Drive Suite 280  
Dayton, OH 45459  
866-439-9093  
[www.beaconinvesting.com](http://www.beaconinvesting.com)  
[riacompliance@beaconinvesting.com](mailto:riacompliance@beaconinvesting.com)

Brochure  
Part 2A of Form ADV  
Updated: March 27, 2025

This brochure provides information about the qualifications and business practices of Beacon Capital Management, Inc. ("Beacon"). If you have any questions about the contents of this brochure, please contact Beacon's Chief Compliance Officer at 515-221-4879 or [riacompliance@sfgmembers.com](mailto:riacompliance@sfgmembers.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.

Beacon is an investment advisor registered with the SEC. Registration as an investment advisor does not imply a certain level of skill or training.

Additional information about Beacon Capital Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) under CRD 120641.

## **Item 2: Material Changes**

Effective April 1, 2025, investment decisions for Beacon Capital Management portfolio models will be made by the newly formed Investment Committee. This committee is made up of portfolio managers, trading ,legal and compliance experts to provide guidance and supervision over existing and new Beacon model portfolios.

**Item 3: Table of Contents**

**Item 1: Cover Page** ..... 1

**Item 3: Table of Contents**..... 2

**Item 4: Advisory Business** ..... 4

**Item 6: Performance Based Fees and Side-by-Side Management**..... 13

**Item 7: Types of Clients**..... 14

**Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**..... 15

**Item 9: Disciplinary Information**..... 19

**Item 10: Other Financial Industry Activities and Affiliations**..... 20

**Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**..... 22

**Item 12: Brokerage Practices**..... 24

**Item 13: Review of Accounts** ..... 27

**Item 14: Client Referrals and Other Compensation**..... 28

**Item 15: Custody** ..... 29

**Item 16: Investment Discretion** ..... 30

**Item 17: Voting Client Securities** ..... 31

**Item 18: Financial Information** ..... 31

## Item 4: Advisory Business

### A. Description of the Advisory Firm

*Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).*

Beacon Capital Management, Inc. (“Beacon”) is an Ohio S-Corporation formed on July 1, 2000. Beacon is an SEC registered investment advisor. It is a subsidiary of Sammons Financial Group (“SFG”).

### B. Types of Advisory Services

*Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.*

Beacon offers the following services to advisory clients:

#### 1. Investment Advisory Services

Beacon provides Investment Advisory Services to clients who are introduced to Beacon through investment advisor representatives who represent registered investment advisors and broker dealers (“Firm”).

Investment Advisory Services for a client require the Firm, through its representatives, to introduce and assist clients in establishing a relationship with Beacon. The Firm maintains responsibility for assisting the client in understanding and determining the most appropriate services and strategies provided by Beacon; communicating with clients to answer client inquiries, update client information, and acquire suitability information; providing documents, including Beacon’s ADV, to clients as required under federal or state law and regulation; and provide suitability and model updates to Beacon as necessary.

Once the Firm and its representatives have worked with client to determine the most appropriate portfolio strategy to be used for the client account, Beacon will manage the client account continuously based upon the strategy’s goals and objectives.

As Beacon manages the client account, the client account’s 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, Beacon may change the specific mutual funds, exchange traded funds (“ETFs”) or other investments being used in the client account at Beacon’s discretion.

Beacon provides four model portfolios, each of which has conservative, balanced, and aggressive strategies within it. The descriptions of the model portfolios below are not meant to be comprehensive, but rather provide a brief overview of Beacon’s strategies.

#### a. Beacon Vantage Model Strategies

Beacon has created a series of model offerings constructed using mutual funds and/or ETFs and consisting of different asset allocations within each model (collectively, the “Vantage Model Strategies”). Beacon currently provides three unique Vantage Model offerings, all of which attempt to limit the impact of extreme market volatility when internal indicators signal a more defensive allocation may be needed.

The following descriptions of the Vantage Model Strategies are not meant to be comprehensive, but rather provide a brief overview of Beacon’s strategies.

### **1. Beacon Vantage 1.0 Models**

The Beacon Vantage 1.0 Models (“1.0 Models”) utilize an asset-class diversification strategy emphasizing small company stocks and value equities. The core equity allocation tends to invest in small company and value equity mutual fund products diversified across domestic, international and emerging markets. The core bond allocation seeks to apply equal weight to intermediate government and inflation protected investment products.

There are three 1.0 Models – Aggressive, Balanced, and Conservative. The underlying mutual funds are the same in all 1.0 Models, with different allocations of equity and fixed income products to meet the investment objectives of each respective 1.0 Model.

The 1.0 Models utilize a risk optimization process that manages volatility with a strict risk budget for each Model. During periods when small company and value equities are experiencing high volatility, the Model’s allocation is shifted to a heavier fixed income allocation to stay within the risk budget. The same but opposite principle is applied when small company and value equities have relatively low volatility.

The minimum account size for the Beacon Vantage 1.0 Portfolio strategies is typically \$25,000.

### **2. Beacon Vantage 2.0 Models**

The Beacon Vantage 2.0 Models (“2.0 Models”) utilize a market sector diversification strategy for its equity allocation, a duration diversification strategy for its fixed income allocation, and a single ultra-short duration fixed income allocation for its most defensive position. The model uses objective, pre-determined benchmarks to determine when to invest in each allocation. A cash position is maintained for each Vantage 2.0 Portfolio. There are no sales loads with this strategy.

There are three 2.0 Models – Aggressive, Balanced, and Conservative. The underlying ETFs and the buy/sell signals are the same in all 2.0 Models, with different allocations of equity and fixed income allocations to meet the investment objectives of each respective 2.0 Model. For the Balanced and Conservative models, there is always a fixed income allocation.

The minimum account size for the Beacon Vantage 2.0 Portfolio strategies is typically \$25,000.

### **3. Beacon Vantage 3.0 Models**

The Vantage 3.0 Models (“3.0 Models”) also offer diversification with proprietary targeted loss reduction protections at the holding level. Each holding within a Vantage 3.0 portfolio moves independently and is designed to quantitatively buy in and sell out of equity and fixed income products upon pre-determined market signals. A cash position is maintained for each Vantage 3.0 Portfolio. There are no sales loads with these strategies.

There are nine 3.0 Model strategies:

- Vantage Sector 3.0, which is based on sector diversification. There are Conservative, Balanced, and Aggressive models, all of which have the same holdings but vary in the allocation to the fixed income ETFs to reflect the risk tolerance of the model. The minimum account size is typically \$25,000.
- Vantage Alternative 3.0, which seeks equal investment across commodities and private equity investment ETFs. The minimum account size is typically \$25,000.
- Vantage Bond 3.0, which targets an equal weight of the extended duration, long-term, intermediate-term, and inflation protected ETFs. The minimum account size is typically \$25,000.
- Vantage 3.0 American Funds U.S., which is comprised American Funds mutual fund products intended to reflect general United States market trends. The minimum account size is typically \$5,000.
- Vantage 3.0 American Funds International, which is comprised of American Funds mutual fund products intended to reflect general international market trends. The minimum account size is typically \$5,000.
- Vantage 3.0 American Funds Bond, which is comprised of American Funds mutual fund products intended to reflect general domestic and global fixed income trends. The minimum account size is typically \$5,000.
- Vantage 3.0 Market, which is designed to generate market level returns, mostly using higher-risk equities. The minimum account size of the Beacon Vantage 3.0 Market Portfolio strategies is typically \$25,000.

## **2. Impersonal Advisory Services**

Beacon provides investment advisory services while acting as a sub-advisor to various registered investment advisor programs.

Beacon provides portfolio design, asset allocation, risk management, and security selection for sub-advisory managed accounts. Sub-advisory managed accounts are managed based upon the selected portfolio's stated investment strategy, philosophy and objective.

## **3. Separately Managed Account Advisory Services**

Beacon provides investment advisory services on a discretionary basis for Unified Managed Accounts (“UMAs”) and Separately Managed Accounts (“SMAs”). Beacon may provide one or more of its model portfolio strategies to a platform provider such as Envestnet, Lockwood Advisors, Axos, Adhesion Wealth Advisor Solutions, Orion Communities, GeoWealth, Founders, and Fidelity Managed Account Exchange (FMAX), and Wells Fargo in which Beacon has entered into an agreement as a model manager with the platform provider.

Beacon provides access to some or all of its model portfolio strategies via the platform provider’s model management system for which advisors and clients can then select for use in a client account. For UMA/SMA managed accounts, Beacon is responsible solely for the management of the model portfolio strategies provided to the platform provider, which have been selected for use in a client account by the Firm and/or client. By utilizing one or more of Beacon’s model portfolio strategies via a platform provider, the services Beacon provides UMA/SMA managed accounts is as follows: portfolio design, asset allocation, risk management, and security selection. UMA/SMAs accounts are managed based upon the selected portfolio’s stated investment strategy, philosophy, and objective.

#### **4. Non-Discretionary Separately Managed Account Advisory Services**

Beacon provides investment advisory services on a non-discretionary basis for Non-Discretionary Separately Managed Accounts (“ND-SMAs”). Beacon may provide model allocations and risk management information pertaining to one or more of its model portfolio strategies to a service platform provider. Under this type of agreement, Beacon is to provide the model portfolio’s target allocations and risk management triggers to the service platform provider. Unlike Beacon’s discretionary SMA services, for ND-SMA managed accounts, Beacon does not, itself, maintain and manage the model portfolios. Beacon is solely responsible for updating the service platform provider with any changes made to a model portfolio’s target asset allocation and with any tactical risk management rebalancing trigger points. It is the sole responsibility of the service platform provider to update the model portfolio’s allocations appropriately and timely, and to process appropriately and timely any risk management rebalancing trades based upon the information provided to the service platform provider by Beacon.

#### **5. Investment Supervisory Services**

Beacon offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. Beacon 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
- Personal investment policy
- Asset allocation
- Asset selection
- Risk tolerance
- Regular portfolio monitoring

Beacon evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Beacon will request discretionary authority via an Investment Advisory Agreement from client 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.

**6. Unsupervised Assets**

From time to time, clients may have pre-existing investments that they do not want actively managed by Beacon. These clients may request that Beacon incorporate these holdings into a single account to facilitate future management and reporting. Beacon will initially consolidate these unsupervised assets into a single client account within the client's existing portfolio. These assets will not be actively managed by Beacon although they will be incorporated into the client's quarterly summary reports prepared by Beacon. Assets in this classification are charged a minimal administrative fee as outlined in Item 5, A-6.

**7. Non-Managed Accounts**

From time to time, clients may establish non-discretionary, non-managed accounts for which Beacon maintains under the firm as a courtesy to the client. Non-discretionary, non-managed accounts are not charged a management fee by Beacon nor are any investment advisory services provided.

**8. Fee Based Financial Advice**

Beacon may offer investment research, economic analysis and portfolio design based on the model allocations. Allocations are based on risk tolerance and stock-to-bond ratios. These services are available to other persons or entities for a negotiable fee.

Beacon 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. Beacon may use other securities as well to help diversify a portfolio when applicable. Discretionary trading authority is not exercised with this type of agreement.

**9. Exchange Traded Funds**

Beacon serves as the investment advisor for to the Beacon Tactical Risk ETF and the Beacon Selective Risk ETF (collectively, the "Funds"). Each Fund is a series of Northern Lights Fund Trust II, which is registered with the SEC under file number 811-22549. Ultimus Fund Solutions, LLC serves as the administrator and Fund accountant. Brown Brothers Harriman & Co serves as Transfer Agent and Custodian. Beacon engages a sub-adviser, Exchange Trade Concepts, LLC, for the Funds to execute trades and manage certain other ETF processes.

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

*Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.*



Beacon offers the same suite of services to all of its Investment Advisory clients. All clients have the ability to request reasonable restrictions on how their account is allocated, but Beacon may not be able to accommodate all restrictions based on specific mandates of particular strategies. If Beacon cannot accommodate a requested restriction, the client will be notified and given the option to withdraw their request, or the client can work with their Firm to find an investment solution that meets the client's expectations. If Beacon is unable to accommodate a client's requested restrictions, the client will need to find another firm to help meet their financial objectives.

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 Beacon from the client via the Firm, both of which can be used to construct a client specific plan to aid in the selection of a portfolio that matches its restrictions, needs, and targets.

**D. Wrap Fee Program**

*If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.*

Beacon participates in a wrap fee program, in which the client pays one stated fee that includes management fees and transaction costs from the custodian. Beacon manages the investments in the wrap fee program. Beacon does not manage 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 Beacon as a management fee. Beacon utilizes Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab) as its custodian.

**E. Assets Under Management**

*If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date "as of" which you calculated the amounts.*

As of December 31, 2023, Beacon has the following assets under management:

<b>Discretionary Assets</b>	<b>Non-Discretionary Amounts</b>	<b>Date Calculated</b>
\$4,056,070,675	\$139,380,985	December 2024

## Item 5: Fees and Compensation

### A. Advisory Fees

*Describe how you are compensated for your advisory services. Provide your fee schedule.  
Disclose whether the fees are negotiable.*

#### 1. Investment Advisory Services

For its investment advisory services, the client agrees to pay a Beacon Management Fee to be charged directly to client's account as described below:

Average Daily Value of Client Account	Annual Fee %
\$0-\$499,999.99	0.55%
\$500,000-\$999,999.99	0.35%
\$1,000,000+	0.15%
Minimum Annual Fee Charge	\$400.00*

\*Average Daily Values of client accounts under \$72,728 will be charged more than 0.55% annually because of the \$400.00 minimum annual fee.

Clients pay an additional fee to the Firm, which is disclosed on each client's Investment Management Agreement. The summation of the Beacon Management Fee and the any fees charged by the Firm should be viewed as the total amount of management fees being charged for the management of a Beacon client account.

Some clients may be charged a lower fee.

#### 2. Impersonal Advisory Services

Fees are negotiated with each individual Firm for which Beacon has entered into a sub-advisory relationship with. For impersonal advisory managed accounts, fees can be as high as 0.55% or \$400 minimum per year. The client may also pay fees and expenses related to the client's investments in the underlying 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. Note the client may pay additional management fees above and beyond Beacon's fee for which Beacon has no control over nor receives any benefit from.

#### 3. Separately Management Account Advisory Services

Fees for SMA Advisory Services are negotiated with the platform provider, and may be as high as .60% or \$400 minimum per year. The client may also pay fees and expenses related to the client's investments in the underlying 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. Note the client may pay additional management fees to their primary advisor that are above and beyond Beacon's fee for which Beacon has no control over nor receives any benefit from.

#### **4. Non-Discretionary Separately Managed Account Advisory Services**

Fees are negotiated with the Service Platform Provider. Separately Managed Account (SMA) fees can be as high as .55% or \$400 minimum per year. The client may also pay fees and expenses related to the client's investments in the underlying 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. Note the client may pay additional management fees to their primary advisor that are above beyond Beacon's fee for which Beacon has no control over nor receives any benefit from.

#### **5. Investment Supervisory Services**

Fees are negotiated and established on a client-by-client basis, but these negotiated fees cannot exceed 1.8% annually or \$400 minimum per year. All Investment Supervisory fees are disclosed and documented via the Client's Investment Advisory Agreement. The client may also pay fees and expenses related to the client's investments in the underlying 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.

#### **6. Unsupervised Assets**

For unsupervised assets, Beacon will typically charge a minimal administrative fee of 0.10% annually. However, once these unsupervised assets are sold, they will be reclassified as managed assets and fees will be charged in accordance with the applicable Beacon advisory service rendered and as agreed upon via the client's Advisory Agreement or Investment Management Agreement.

#### **7. Non-Managed Accounts**

Non-discretionary, non-managed accounts are not charged any management fees.

#### **8. Investment Advice through Consultation**

Fees typically start at 55 basis points (0.55%) but may be higher or lower depending on levels of assets under management.

Beacon is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, Beacon is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Beacon may only charge fees for investment advice about products for which Beacon and/or its related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which Beacon and/or its related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Beacon's advisory fees.

### **B. Payment of Fees**

*Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your*

*fees.*

Advisory fees for Investment Supervisory Services, Investment Advisory Services, Unsupervised Assets, and Investment Advice through Consultation are withdrawn directly from the client's account with client written authorization, or invoiced and billed directly to the client. Fees are due monthly or quarterly in advance or in arrears, as directed by the individual contract with each client. Clients may select the method in which they are billed.

Advisory fees for Impersonal Advisory Services, Separately Management Account Advisory Services, and Non-Discretionary Separately Managed Account Advisory Services are paid to Beacon as provided in each agreement between Beacon and the applicable third party.

**C. Other Fees and Expenses**

*Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.*

In addition to Beacon's advisory fees, clients may also pay fees and expenses related to the client's investments in the underlying mutual funds, ETFs or other investment vehicles used within their account. Clients are responsible for the payment of all third-party fees (i.e. custodian fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by Beacon. Please see *Item 12 Brokerage* of this brochure.

**D. Prepayment of Fees**

*If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.*

Clients may choose to pay fees in advance. In the event of account termination, fees paid in advance, if any, will be pro-rated to the date of termination and any unearned portion will be refunded to the client.

**E. Compensation for Sales**

*If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.*

Neither Beacon nor any of its supervised persons accept compensation for the sale of securities or other investment products.

**Item 6: Performance Based Fees and Side-by-Side Management**

*If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.*

Beacon does not receive performance-based fees for advisory services provided to its clients.

**Item 7: Types of Clients**

*Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.*

Beacon generally provides investment supervisory, investment advisory and separately managed account advisory services to the following types of clients:

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

Beacon requires a minimum account of \$25,000 for the Beacon Vantage 1.0 Portfolio, Beacon Vantage 2.0 Portfolio, and the Beacon Vantage 3.0 Portfolio strategies. Beacon requires a minimum account of \$5,000 for the Beacon Vantage 3.0 American Portfolio strategies and Beacon Vantage 3.0 Market Portfolio strategies. These minimum account requirements may be negotiable at Beacon's discretion based on the client's individual circumstances. Beacon may group certain related client accounts for the purposes of achieving the minimum account size. Account minimums for SMA services are determined by the platform provider or service platform provider and the Firm of record.

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

### A. Methods of Analysis and Investment Strategies

*Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.*

#### 1. Methods of Analysis

Beacon uses technical analysis to understand the historic patterns of the market and create a comprehensive strategy based on minimizing severe market volatility through broad diversification and a stop-loss trigger.

#### 2. Investment Strategies

Beacon seeks to deliver consistent returns for the mid to long term investor through its mechanical investment management approach, which seek to minimize severe market volatility. Beacon's portfolios are based in strong, sector-based diversification. Additionally, Beacon utilizes pre-determined rules to dictate when to respond to changing markets, seeking to eliminate human emotion.

#### 3. Investment Committee

Beacon's investment strategies, including updates to existing strategies, new models, and other issues related directly to the types of investments and methods of analysis will be governed by the newly created Investment Committee. The Investment Committee is comprised of experts in portfolio management, trading, and legal/compliance to provide supervision and guidance to the management of Beacon's proprietary models.

### B. Material Risks from Investment Strategies

*For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.*

#### 1. Risk of Loss of Investment

Investing involves risk of loss that clients should be prepared to bear. Many factors affect performance, and past performance does not guarantee futures results. Account values are expected to fluctuate and clients could lose money by investing. There is no assurance that Beacon will achieve the client's investment objective, and Beacon's investment strategy will not necessarily produce the intended results.

#### 2. Structure and Liquidity Risks

General Liquidity Risks. Under certain market conditions, such as during volatile markets or when trading in a security or market is otherwise impaired, the liquidity of a client account is likely to be reduced. In addition, a client account could hold large positions with respect to a specific type of financial instrument, which will often further reduce the client account's

liquidity. During times of limited liquidity, Beacon could be unable to dispose of certain financial instruments, which would adversely affect its ability to rebalance a client's portfolio holdings or to meet withdrawal requests. Such circumstances could force Beacon to dispose of financial instruments at reduced prices, thereby adversely affecting a client's account performance. If there are other market participants seeking to dispose of similar financial instruments at the same time, Beacon might be unable to sell such financial instruments or prevent losses relating to such financial instruments.

Model Strategy Risks: Beacon Vantage strategies are dictated primarily by quantitative methods, and a trailing stop-loss is used as part of these strategies. Because there is typically no human intervention regarding the portfolio actions using these methods, there is risk that the strategies may not work in certain market conditions. This risk is especially pronounced in periods of extreme market volatility and may result in the loss of the client's principal investment.

### **3. Operational Risks**

Cybersecurity Risk. Cybersecurity breaches could occur allowing an unauthorized party to gain access to assets of a client account, client data, or proprietary information; or that cause Beacon or other service providers to suffer data corruption or lose operational functionality. Intentional cybersecurity breaches could occur, which include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. In addition, unintentional incidents can occur, such as the inadvertent release of confidential information, possibly resulting in the violation of applicable privacy laws. A cybersecurity breach could result in the loss or theft of client data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or costs associated with system repairs. Such incidents could cause a client, Beacon, or other service providers to incur regulatory penalties, reputational damage, additional compliance costs, or financial loss. Consequently, a client could lose some or all of its invested capital. In addition, such incidents could affect issuers in which the client invests, and thereby cause the client's investments to lose all or a portion of their value.

Use of Systems Risks Relating to the Investment Strategy. Beacon relies extensively on the use of computer systems, hardware, software, and telecommunications equipment. Accordingly, a client is exposed to the risk that computer hardware, software, electronic equipment and other services used by Beacon may cease to be available, for example due to the insolvency of the provider or the discontinuation of services or software updates. In addition, outright failure of the underlying hardware, operating system, software or network, could leave a sub-advisor unable to trade either generally or in certain of its strategies, and this could expose it to risk should the outage coincide with turbulent market conditions. In such circumstances, Beacon would seek to obtain equivalent hardware, software and services from an alternative supplier. Nevertheless, in the worst case, Beacon could be required to liquidate the client's entire



portfolio in viewing such liquidation as the only safe way to proceed should a crippling system outage occur.

Execution of Orders Risks Relating to the Investment Strategy. Beacon's trading strategy depends on its ability to establish and maintain an overall market position in a combination of financial instruments selected by Beacon. Beacon's trading orders will not necessarily be executed in a timely and efficient manner due to various circumstances, including, without limitation, systems failures or human error, brokers, agents, or other service providers. In such an event, Beacon might only be able to acquire some, but not all, of the components of such position, or if the overall position were to need adjustment, Beacon might not be able to make such adjustment. As a result, a client would not be able to achieve the market position selected by Beacon and might incur a loss in liquidating its position.

Economic and Market Condition Risks Relating to the Investment Strategy. The success of a client account will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of investments), trade barriers, currency exchange controls, sovereign economic activity and financial regulation, and national and global events (including wars, pandemics, natural disasters, terrorist acts, or security operations). These factors can affect the level and volatility of financial instruments' prices and the liquidity of a client's investments. Volatility or illiquidity could impair a client account's profitability or result in losses. An account could maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets — the larger the positions, the greater the potential for loss. The economies of foreign countries could differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency, and balance of payments position. Further, certain foreign economies are heavily dependent upon international trade and, accordingly, have been and could continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values, and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of certain foreign countries could be based, predominantly, on only a few industries and could be vulnerable to changes in trade conditions and thereby have higher levels of debt or inflation. A client could also be negatively affected if the operations and effectiveness of Beacon and its affiliates, obligors, and counterparties, or its service providers, are compromised or if necessary or beneficial systems and processes are disrupted.

Limitation of Risk Management Techniques. Risk management techniques are based in part on the observation of historical market behavior, which will not necessarily predict market divergences that are larger than historical indicators. Also, information used to manage risks will not necessarily be accurate, complete or current, and such information can be misinterpreted.

#### **4. Exchange-Traded Funds Risk**

A client may invest in exchange-traded funds (“ETFs”), which are shares of publicly traded unit investment trusts, open-end funds, or depository receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These indexes can be broad-based, sector, or international. However, ETF shareholders are generally subject to the same risk as holders of the underlying securities they are designed to track. ETFs are also subject to certain additional risks, including, without limitation, the risk that their prices may not correlate with changes in the prices of the underlying securities they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. Furthermore, ETFs will be managed by a third party not affiliated with Beacon or its affiliates. In addition, the client may bear, along with other shareholders of an ETF, its pro rata portion of the ETF’s expenses, including management fees. Accordingly, in addition to bearing their proportionate share of the expenses (*e.g.*, management fees and other expenses), clients may also indirectly bear similar expenses of an ETF, which can have a material adverse effect on the return on capital of a client account. A client may not purchase shares of an ETF or other registered investment company (other than money market funds in compliance with Rule 2a-7 under the Investment Company Act) if, after the purchase, the client would own more than 3% of the acquired company’s voting stock. Any purchase by a client of an ETF or other registered investment company must be in compliance with Section 12(d)(1)(A)(i) of the Investment Company Act.

**C. Primary Security Recommendations**

*If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.*

Beacon generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

**Item 9: Disciplinary Information**

*If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.*

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of Beacon or the integrity of its management.

## Item 10: Other Financial Industry Activities and Affiliations

### A. Broker Dealer Registration

*If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.*

Brett Agnew, General Counsel of Beacon, is a registered representative of Sammons Financial Network, an affiliated broker-dealer.

No other management persons of Beacon are registered or have an application to register as a broker-dealer or as a registered representative of a broker-dealer.

### B. Future Commission Merchant, Commodity Pool Operator or Commodity Trading Advisor

*If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.*

No management persons of Beacon are registered or have an application to register as a future commission merchant, commodity pool operator or commodity trading advisor or as an associated person of the foregoing entities.

### C. Related Persons

*Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.*

1. broker-dealer, municipal securities dealer, or government securities dealer or broker
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
3. other investment adviser or financial planner
4. futures commission merchant, commodity pool operator, or commodity trading advisor
5. banking or thrift institution
6. accountant or accounting firm
7. lawyer or law firm
8. insurance company or agency
9. pension consultant
10. real estate broker or dealer
11. sponsor or syndicator of limited partnerships.

Beacon has no relationships or arrangements that are material to its' advisory business that would constitute a conflict of interest with its clients.

### D. Recommendation or Selection of Other Investment Advisors

*If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.*

Beacon does not receive compensation from other investment advisors for recommending or selecting their services for its clients.

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

### A. Code of Ethics

*If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any client or prospective client upon request.*

Beacon maintains a written Code of Ethics designed to meet the requirements of Rule 204A-1 under the Advisers Act. The Code is intended to ensure that all acts, practices, and courses of business engaged in by the firm reflect high standards of integrity and comply with the requirements of applicable federal securities laws. All employees are subject to the requirements of the Code. Employees must avoid activities, interests, and relationships that might interfere or appear to interfere with making decisions in the best interests of its clients. The Code is designed to assure that the personal securities transactions, activities and interests of employees of Beacon will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Violations of the Code can result in personal sanctions, including termination of employment.

Our clients or prospective clients can request a copy of the Code of Ethics by contacting Beacon's Chief Compliance Officer at [riacompliance@sfgmembers.com](mailto:riacompliance@sfgmembers.com).

### B. Recommendations Involving Material Financial Interests

*If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.*

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

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

*If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.*

The firm's supervised persons may have an interest in client transactions insofar as they may trade in the same client-recommended securities (that is, those securities making up the various Beacon's model offerings) for their own accounts at or about the same time as transactions are made in client accounts. These transactions involve a conflict of interest, as the firm or our supervised persons may benefit from transacting on any such non-public information obtained while acting as a fiduciary on our clients' behalf. To address these conflicts (and in addition to the account holdings and transaction monitoring mentioned in Item 11.C), Beacon has implemented procedures for identifying securities about which some supervised persons are expected to regularly have non-public information and placing restrictions on the timing and extent to which those supervised persons can trade in those securities. Beacon has also adopted

an insider trading policy that restricts the firm and our supervised persons (including their immediate family members) from trading while in possession of material, non-public information, as well as improperly communicating such information to others. In addition to the potential for exposure to stringent penalties under the laws governing insider trading, any violations of the firm's policy may result in disciplinary action up to, and including, termination of employment.

**D. Trading Securities at or around the Same Time as Clients' Securities**

*If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.*

From time to time, employees of Beacon may buy or sell securities for themselves at or around the same time as clients. This provides an opportunity for an employee of Beacon to buy or sell securities before or after recommending securities to clients resulting in the employee profiting off the recommendations provided to clients. Such transactions may create a conflict of interest. Beacon employees will always transact client transactions simultaneously with, or before, the employee. Beacon supervised persons are bound by the firm's Insider Trading Policy and Code of Ethics, which strictly prohibit these types of activities. In addition to having their personal securities transactions monitored, pre-clearance of trades in certain securities is required for Access persons who may be in possession of certain material, non-public information.

## Item 12: Brokerage Practices

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

*Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).*

Beacon participates in the following custodial programs, which it may recommend to clients: the Schwab Advisor Services program offered to independent investment advisors by Charles Schwab & Company, Inc. ("Schwab") and the Advisor Products program provided by First Clearing, LLC ("FCC") sponsored by Wells Fargo Advisors. Schwab and FCC are SEC registered broker dealers. Schwab and FCC are not affiliated with Beacon. The factors considered by Beacon when making this recommendation are the broker's ability to provide professional services, Beacon'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. As part of these programs, Beacon receives benefits that it would not receive if it did not offer investment advice. There is no direct link between Beacon's participation in the custodial program and the investment advice given to clients.

Schwab and FCC offer services to independent registered investment advisors, which include custody of securities, trade execution, and clearance and settlement of transactions. Beacon receives some benefits from Schwab and FCC through its participation in the custodian's program.

Clients directing Beacon 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 fees and/or charges with broker-dealers and custodians other than those selected by Beacon.

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 Beacon believes that the use of the client's selected broker dealer would hinder the firm meeting its supervisory obligations, Beacon will not accept the account. Furthermore, if Beacon believes that the use of that broker dealer would hinder Beacon in meeting its fiduciary obligations, Beacon will not accept the account.

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

Schwab and FCC also make available to Beacon other products and services that benefit Beacon but may not benefit its clients' accounts.

Some of these other products and services assist Beacon 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, access to certain institutional money managers, facilitating payment of



Beacon'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 Beacon 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 Beacon's accounts. Recommended brokers also make available to Beacon other services intended to help Beacon 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.

Beacon does not enter any commitments with the brokers for transaction levels in exchange for any services or products from brokers. While as a fiduciary, Beacon endeavors to act in its clients' best interests, Beacon's requirement that clients maintain their assets in accounts at Schwab or FCC may be based in part on the benefit to Beacon 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, Beacon may receive certain additional economic benefits, which may or may not be offered to other independent advisors that also participate in the Schwab and FCC service programs. Beacon's receipt of additional products and services does not diminish Beacon's duty to act in the best interest of its clients, including seeking best execution of trades for client accounts.

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

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

## **3. Directing Which Broker/Dealer/Custodian to Use**

Beacon allows clients to direct brokerage. Clients may direct brokerage based on advice and recommendations made by the Firm that has referred the client to Beacon. Beacon may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients money because without the ability to direct brokerage, Beacon may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices. Not all investment advisors allow their clients to direct brokerage.

## **B. Aggregation of Purchase or Sale of Securities**

*Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.*

Routine trading, which results from normal rebalancing, new accounts, liquidations, cash or security additions or withdrawals, tax harvesting, or any other client-requested transactions, are typically executed as market block orders when possible.

Firm-wide risk management trades may be conducted as block transactions if Beacon determines it could yield best execution results for clients. The practice of block trading may

allow Beacon to obtain more favorable execution, including more favorable pricing, than would otherwise be available if orders were not aggregated. Using block transactions may also assist Beacon in potentially avoiding an adverse effect on the price of a security that could result from simultaneously placing several separate successive or competing client orders. Beacon may also determine that when processing firm-wide risk management trades, that submitting competitive risk block orders or having block orders traded throughout the day, may also produce more favorable execution fills for Beacon's clients.

## Item 13: Review of Accounts

### A. Review of Client Accounts and Financial Plans

*Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.*

Client accounts are monitored on an ongoing basis by the Beacon Operations Team. Reviews might include comparisons against benchmark figures, performance, structure, adherence to client guidelines, prices, market conditions, portfolio holdings, transactions, and cash flows.

The RIA Compliance Department and the Beacon Operations team audits a subset of client accounts on an ongoing basis for consistency with client objectives, portfolio guidelines, and restrictions.

### B. Triggering Factors for Client Account Review

*If you review client accounts on other than a periodic basis, describe the factors that trigger a review.*

Client accounts may also be reviewed outside the set cadence under a number of circumstances, including client inquiry, atypical market activity, compliance checks, or changes in client's financial situation, including retirement, termination of employment, or physical move.

### C. Client Reports

*Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.*

Clients engaged in investment supervisory and investment advisory services will receive, at minimum, a quarterly performance evaluation report from Beacon detailing the client's account. Each client will also receive a monthly statement from their custodian detailing their client account.

## Item 14: Client Referrals and Other Compensation

### A. Economic Benefit from Third Parties for Advice

*If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.*

Beacon may receive some economic benefit from its custodians in the form of support products and services it makes available to Beacon and other independent investment advisors that have their client accounts maintained at Schwab or FCC. These products and services, how they benefit Beacon, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability of products and services offered by Schwab or FCC is not based on Beacon providing particular investment advice, such as buying particular securities for clients.

### B. Compensation of Non-Supervised Persons for Client Referrals

*If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.*

Beacon enters promoter arrangements with registered investment advisors, an affiliated broker-dealer of a registered investment advisor, or a broker-dealer (“Promoter Firms”) pursuant to which the representatives of their firms (“Promoters”) offer its services to the public. Through these arrangements, Beacon pays a cash referral fee to the Promoter Firm and/or Promoter based upon a percentage of the investment management fee. The amount of the referral fee is disclosed to client via the Client’s Investment Management Agreement and Promoter Disclosure Statement. In connection with these arrangements, Beacon will comply with Rule 206(4)-1 under the Advisers Act. The promoter fee is paid pursuant to a written agreement between the Promoter Firm and Beacon. Promoter Firms, through their representatives, on their own and not related in any way to their agreements with Beacon and not on Beacon’s recommendation, may also sell insurance, annuities, mutual funds, stocks, bonds, and/or limited partnerships to clients. Promoters and/or Promoter Firms may receive separate and typical commissions on the sale of these products. Beacon 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 the client account.

Beacon is marketed by individuals that describe Beacon’s investment strategies to Firms and provide ongoing resources but do not provide investment advice. These individuals are compensated through a portion of the Beacon Management Fee and are supervised by Beacon.

**Item 15: Custody**

*If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.*

Beacon does not take custody of client accounts at any time.

Beacon does not have physical custody of any client funds or securities. Instead, client assets are held with qualified custodians, primarily Schwab, and FCC.

If the client chooses to be billed directly by the custodian, Beacon would have constructive custody over that account and must have written authorization from the client to do so. Clients will receive all required account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

**Item 16: Investment Discretion**

*If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).*

For those client accounts for which Beacon provides ongoing investment supervisory, investment advisory and separately managed account advisory services, the client has given Beacon written discretionary authority over the client account with respect to securities to be bought or sold and the amount of securities to be bought or sold.

Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides Beacon discretionary authority via their Investment Advisory Contract or Investment Management Agreement and in the contract between the client and the custodian. In all cases, however, such discretion is exercised subject to the investment objectives and guidelines that set forth in each advisory agreement. These guidelines may include restrictions as to the types of securities to be bought and sold as well as the percentage limits of the securities, issuers, and sectors.

## Item 17: Voting Client Securities

### A. Authority to Vote Client Securities

*If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.*

Beacon will not ask for nor accept voting authority for client securities.

### B. Client Receipt of Proxies

*If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.*

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 18: Financial Information

### A. Balance Sheet

*If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.*

Beacon does not require nor solicit prepayment of fees.

### B. Financial Conditions

*If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.*

Beacon does not have any financial conditions that are likely to reasonably impair its ability to meet its contractual commitments to its clients.

### C. Bankruptcy Petition

*If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.*

Beacon has not been the subject of a bankruptcy petition.