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Brochure  
Part 2A of Form ADV  
Updated: August 30, 2025

This Form ADV Part 2A Disclosure Brochure ("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 515-327-5847 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 ("SEC") or by any state securities authority.

Beacon is an investment adviser registered with the SEC. Registration as an investment adviser 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

This section discusses only material changes since the last annual update of our Brochure, dated March 30, 2025.

On August 1, 2025, Beacon Capital Management, Inc. acquired Astor Investment Management LLC, an investment adviser that specializes in providing proprietary tactical allocation strategies focused on macroeconomic analysis.

Jan Eckstein, Astor's former chief investment officer, has joined Beacon as Assistant Vice President - Portfolio Design and as a member of our Investment Committee; Bryan Novak, Astor's former chief executive officer, has also joined Beacon's Investment Committee.

Additional changes were made relating to the following Items:

- Item 4: Advisory Business
  - Updated information on the Firm's advisory business
  - Updated firm assets
- Item 5: Fees and Compensation
  - Updated to include information about Astor's fees for legacy accounts
- Item 7: Types of Clients
  - Updated types of Clients and account minimums
- Item 8: Methods of Analysis, Investment Strategies and Risk of Loss
  - Updated to include new and/or enhanced strategies
- Item 10: Other Financial Industry Activities and Affiliations
  - Updated Related Persons
  - Noted potential conflicts and shared resources between Beacon and Sammons Financial Group
- Item 12: Updated to reflect current brokerage practices and disclosures related to research and other benefits from custodians/broker-dealers.
- Item 15: Updated to reflect Beacon's status and obligations under the SEC Custody Rule.

Beacon will provide Clients with a copy of this updated Brochure upon request at no charge. To request a copy, please contact Beacon at 866-439-9093.

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

Beacon Capital Management, Inc. (“Beacon”, the “Firm”, “We”, “Us”) is an Ohio S-Corporation formed on July 1, 2000. Beacon is an SEC registered investment adviser. It is a wholly owned subsidiary of Sammons Financial Group (“SFG”). SFG is a financial services holding company that offers a variety of services, including life insurance, annuities, retirement planning, investment and wealth management. SFG is a subsidiary of Sammons Enterprises, Inc. (“SEI”) which is a large, diversified, privately held holding company.

Effective August 1, 2025, Beacon acquired Astor Investment Management LLC (“Astor”), a SEC registered investment adviser.

### **B. Types of Advisory Services**

Beacon primarily provides investment advisory services to retail investors (“Clients”, “you”, “your”) who are introduced to Beacon through other non-affiliated financial institutions (the “Retail Advisor”). Generally, Beacon acts as a third-party manager for investment advisory programs and, except in limited circumstances, does not have direct communication with Clients. In this structure, it is the duty of the Retail Advisor to ensure Beacon’s strategies are suitable for a Client. It is the sole responsibility of the Retail Advisor to review Client objectives and communicate changes in investment recommendations to Beacon. The Retail Advisor is responsible for assisting the Client in understanding and determining the most appropriate services and strategies provided by Beacon; communicating with you and answering your inquiries, updating Client information and acquiring suitability information; delivering disclosure documents on our behalf (such as this Brochure); and providing updates to Beacon as necessary. After the Retail Advisor has determined the most appropriate portfolio strategy for your account, Beacon will manage the account continuously according to the invested strategy’s goals and objectives.

Beacon is primarily a manager of model portfolios that invest in non-proprietary ETFs and mutual funds, but may also utilize other investment vehicles.

You should consult with your financial professional and carefully review this Brochure before selecting Beacon.

#### **1. Model Delivery Advisory Services**

##### **Discretionary Model Delivery**

Beacon provides investment advisory services on a discretionary basis for Unified Managed Accounts (“UMAs”) and Separately Managed Accounts (“SMAs”) through model platforms. In these arrangements, Beacon provides one or more of our models to technology platforms that give Retail Advisors access to investment products and strategies (“Platform Providers”). Beacon enters into an agreement as a model manager with the Platform Provider, which addresses the fees earned, responsibilities, and strategies distributed.

Beacon provides access to some or all our model portfolio strategies via the Platform Provider’s model management system for which you and your Retail Advisor can then select for use in your

account. Beacon is responsible solely for the management of the model portfolio strategies provided to the Platform Provider. These Clients' accounts are not tailored to an individual Client's needs and are managed according to their prescribed investment philosophy and objectives.

#### Non-Discretionary Model Delivery

In non-discretionary arrangements, Beacon provides non-discretionary model delivery advisory services. Unlike the discretionary services listed above, Beacon does not maintain and manage the model portfolios. Beacon is solely responsible for sharing changes to a model portfolio's target asset allocation and tactical risk management rebalancing trigger points with the Platform Provider. It is the sole responsibility of the 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.

## **2. Direct Accounts**

In addition to model delivery advisory services, Beacon also provides direct investment advisory services to SMAs. For these arrangements, Beacon is provided with discretionary trading authority for each individual account instead of only having responsibility for managing model allocations. Beacon will maintain a contract with either the custodian or Platform Provider ("single contract") or an investment management agreement with the Client ("dual contract"). In a dual contract arrangement, the Client will also enter an agreement with the custodian or Platform Provider.

Direct account Clients can 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 Retail Advisor 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.

## **3. Investment Supervisory Services**

For a limited number of legacy Clients only, Beacon offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance. In these arrangements (and in contrast to our model-delivery services), we provide services that are tailored to each individual Client's needs, and are also responsible for: ensuring investments are suitable for the Client, providing more detailed reporting, and reviewing Client investment objectives on a regular basis. Legacy supervisory Clients can request reasonable restrictions as detailed above for Direct Accounts. Aside from that, Beacon does not manage these legacy Client accounts any differently than other Client accounts.

#### 4. Custom Portfolio Solutions

Beacon also provides custom portfolio solutions in certain arrangements. These solutions operate similarly to Direct Accounts or model delivery advisory services with the exception that the provided strategies and investment allocations customized for the receiving Client.

#### 5. Affiliated Investment Companies

Beacon serves as the investment adviser to investment companies registered under the Investment Company Act of 1940, as amended (the "Investment Company Act") (together, the "Beacon Funds"). You should refer to the Beacon Funds' prospectus and Statement of Additional Information ("SAI") for important information regarding objectives, investments, risks, fees, and additional disclosures. These documents are available online at [www.beaconinvestingfunds.com](http://www.beaconinvestingfunds.com).

#### C. Wrap Fee Program

Beacon participates in Wrap Fee Programs sponsored by nonaffiliated financial institutions ("Sponsors"), in which you pay one stated fee that includes our management fee and the Sponsor's transaction costs. Beacon manages the investments in the Wrap Fee Program. Beacon does not manage wrap fee accounts 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. Clients should refer to the applicable Sponsor's Form ADV or wrap fee brochure for additional details about each program's overall costs and services.

##### Beacon-Sponsored Wrap Fee Programs

Beacon also sponsors Wrap Fee Programs for which it is also the portfolio manager. Information about these programs is available in Beacon's Wrap Fee Program Brochure (Form ADV Part 2A Appendix 1). You can request a copy of the Wrap Fee Program Brochure by contacting Beacon at the addresses listed on the cover page of this Brochure.

#### D. Firm Assets

As of June 30, 2025, Beacon manages the following assets.

Discretionary Assets	Non-Discretionary Assets
\$4,483,391,896	\$180,628,380

#### Item 5: Fees and Compensation

Beacon's fees vary depending on factors including, but not limited to, the type of service provided, invested strategy, and product type.

## A. Advisory Fees

Beacon charges a management fee for our various investment advisory services, as detailed in the below sections.

### 1. Direct Accounts and Custom Portfolio Solutions

For our investment advisory services, we charge the below fees for Direct Accounts:

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. Note that the \$72,728 figure reflects the account value at which the \$400 annual minimum equals 0.55%; it is not Beacon's account-opening minimum, which is \$25,000 (see Item 7).*

Direct account advisory fees are negotiable between Beacon and the custodian, Platform Provider, or Retail Advisor. Custom Portfolio Solutions also adhere to this fee schedule.

Astor Accounts. Beacon has acquired Client accounts from Astor. As part of this transition, some legacy Astor Clients may continue to be billed under fee schedules that differ from Beacon's current standard fee structure. Beacon has chosen to honor the historical fee arrangements in place at the time of acquisition. As a result, these Clients may pay higher or lower fees than those charged to new Clients under Beacon's prevailing advisory agreements. Astor accounts will be billed monthly or quarterly according to the agreements with the Clients and platforms.

Unsupervised Assets. From time to time, Clients may hold securities which are not part of Beacon's model portfolios. Although these assets can be held in an account managed by Beacon, they will not be actively managed by Beacon. Beacon assesses only an administrative fee of 0.10% for assets in this classification.

### 2. Model Delivery Advisory Services

Fees for model delivery advisory services are negotiated with the Platform Provider and will range from 0.20% to 0.60% per year.

### **3. Investment Supervisory Services**

Fees for supervisory services are negotiated on a Client-by-Client basis and will follow the direct account fee schedule listed above. The overall fee - including any Retail Advisor fee - will be the greater of 1.8% annually or \$400 minimum per year. Fees for supervisory services are negotiated on a Client-by-Client basis. All Investment Supervisory fees are disclosed and documented via your investment management agreement with us.

#### **B. ERISA Account Considerations**

Accounts subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), (each a "Plan") should note that Beacon's direct compensation is comprised of the management fee described above and the administrative fee (if applicable). Beacon's management fee will be deducted from Plan assets unless otherwise dictated by written agreement between Beacon and the Plan. Beacon does not receive any additional direct compensation.

Beacon's indirect compensation consists of gifts and entertainment received from vendors and plan fiduciaries in the normal course of business. Beacon's employees are required to report the receipt of such gifts and entertainment. The amount of these is expected to be de minimis and fall below the Department of Labor's reporting requirements. Additionally, the receipt of these items is not tied to Beacon's performance or services related to the Plan.

Beacon does not receive any additional indirect compensation.

Please visit [www.beaconinvesting.com/disclaimers](http://www.beaconinvesting.com/disclaimers) for a detailed disclosure as required by ERISA Section 408(b)(2).

#### **C. Payment of Fees**

Advisory fees for Direct Accounts, model delivery advisory services, and supervisory services are generally withdrawn directly from the Client's account. Fees are due either monthly or quarterly and either in advance or in arrears, as directed by the individual contract with each Client or the contract with the Platform Provider or custodian. Depending on the arrangement, Beacon or the Platform Provider or custodian will calculate the fees.

In non-Beacon sponsored Wrap Fee Programs, the Sponsor will bill Clients for the full wrap fee then remit a portion of the fee to Beacon for our management.

In certain circumstances and depending on the specific contract in place, Beacon may bill direct account Clients and investment supervisory services Clients directly for Beacon's fees.

#### **D. Other Fees and Expenses**

In addition to Beacon's management fee, Clients may incur certain charges imposed by unaffiliated third parties in connection with the maintenance of and activity in the Account, including: custodial fees, non-commission/transaction-based administrative fees, fees imposed directly by an investment company, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Those fees are separate and distinct from the fees and expenses charged by Beacon.



Beacon primarily seeks to achieve its investment objectives by purchasing ETFs and mutual funds which have embedded expenses. As a shareholder, you bear these expenses through the net asset value of the ETF or mutual fund. These expenses are separate from and in addition to the investment advisory fee Beacon charges. You should consult the prospectuses of the invested ETFs and mutual funds for a complete description of all fees and expenses. You can invest directly in ETFs and mutual funds without the services of Beacon, but you would not receive Beacon's portfolio management services.

Please see Item 12: Brokerage Practices for further information.

#### **E. Prepayment of Fees**

Certain custodial arrangements and Platform Provider will charge Clients in advance for Beacon's advisory services. 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. The calculation of the fees due in advance and any applicable refunded portion will be completed by the custodian/Platform Providers. Beacon does not calculate or directly charge Clients in advance.

#### **F. Compensation for Sales**

Neither Beacon nor any of our Supervised Persons accept compensation for the sale of securities or other investment products.

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

Beacon does not charge performance-based fees.

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

Beacon generally provides investment advisory services to the following types of Clients:

- High-Net-Worth Individuals
- Individuals
- Pension and Profit-Sharing Plans
- Corporations or Business Entities
- Registered Investment Companies
- Trusts
- Estates
- Charitable Organizations

Beacon's strategies generally require a \$25,000 account minimum. The minimum requirement is negotiable at Beacon's discretion. Beacon can group certain related Client accounts for the purposes of achieving the minimum account size. Account minimums for certain Wrap Fee Programs and model delivery platforms may be higher.

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

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

Beacon uses technical analysis to understand the historic patterns of the market and create comprehensive strategies that respond to different market environments. Methods of analysis include measurements such as portfolio drawdown, deviation, macroeconomic updates, security breadth, risk profile, drift, and stress testing.

Beacon's investment processes, including monitoring and maintaining existing strategies, evaluating new investments, and other issues related directly to the types of investments and methods of analysis, are governed by Beacon's Investment Committee. The Investment Committee is comprised of investment professionals with broad and diverse expertise in portfolio management, trading, and legal/compliance. The Investment Committee is tasked with monitoring the current state of the economy and markets, analyzing and reporting on the performance of Beacon's proprietary model portfolio strategies, and researching and selecting various investments and investment strategies for Beacon, among other duties.

## **B. Investment Strategies**

Beacon seeks to deliver consistent returns for the mid to long term investor primarily through our mechanical investment management approach, which seeks to minimize severe market volatility. Beacon's portfolios are based on broad-based diversification. Additionally, certain Beacon strategies utilize a number of data-driven indicators and for some portfolios, pre-determined rules to dictate when to respond to changing markets.

Beacon has created a series of strategies, each with unique model offerings, constructed using mutual funds and/or ETFs. Beacon currently provides three unique strategy offerings, all of which attempt to limit the impact of extreme market volatility when internal indicators signal a more defensive allocation may be needed.

### **1. Beacon Signal Strategy**

The Beacon Signal Strategy includes tactical investment models designed to respond to real-time market risk using a mechanical price-based risk response. The models in the strategy use proprietary market-based indices that trigger a predefined exit from equities when conditions indicate a risk of systemic market decline. The strategy also employs a systematic rules-based process for a return to equities based on the time needed for the indices to establish a low watermark. The longer the indices take to establish a low watermark, the larger recovery we will need to re-enter equities.

### **2. Beacon Precision Strategy**

The Beacon Precision Strategy is a suite of rules-based models designed to dynamically adjust individual positions based on market trends. The Precision Strategy utilizes a proprietary blend of moving averages based on technical indicators that target sustained strength or weakness for each holding independently. When an individual holding shows significant weakness, that holding is sold and reallocated to a more defensive holding. When that same holding shows sustained strength, the defensive holding is sold, and the original holding is reintroduced into the portfolio.

### **3. Beacon Outlook Strategy**

The Beacon Outlook Strategy is a collection of tactical, data-driven investment models designed to respond to changing economic conditions. These models dynamically adjust market exposure in response to shifts in economic data positioning more aggressively when indicators point to strength and moving defensively when the macro environment weakens. The Beacon Economic Index is the tool Beacon uses to measure the strength of the US economy and guide investment decisions. The Beacon Economic Index transforms a range of data including employment, income, manufacturing, and inflation figures into an indicator used to help us guide investment decisions. Unlike other Beacon model strategies, the Beacon Outlook Strategy is not implemented primarily on a rules-based basis; rather, it allows for the application of more discretionary judgment by us in our execution.

### **C. Material Risks from Investment Strategies**

Investing involves risk of loss that Clients should be prepared to bear. Many factors affect performance, and past performance does not guarantee future results. Account values are expected to fluctuate, and Clients could lose money by investing. There is no assurance that we will achieve the Client's investment objective or any of our investment strategies will produce the intended results.

The majority of Beacon's strategies are tactical asset allocation strategies which means there will be frequent trades as positions, asset class, and sector exposures are adjusted. Unlike a passive investment approach which has static targets throughout all periods and seeks to match an index or benchmark with minimal adjustments, Beacon's active approach is flexible and can have significant change throughout periods. Frequent trading can impact a Client's overall performance due to transaction charges, taxes, and other costs associated with trading.

#### **1. Market 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 our 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.

##### Model Strategy Risks

Certain Beacon model strategies are dictated primarily by quantitative methods. 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.

##### 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.

*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.

**2. 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 causing Beacon or other service providers to suffer data corruption or lose operational functionality. 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.

*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.

*Execution of Orders Risks Relating to the Investment Strategy*

Beacon's trading strategy depends on our 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 our position.

**D. Recommendation of Particular Types of Securities**

Beacon primarily uses ETFs for the investments in our strategies and, on a more limited basis, mutual funds. ETFs 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 specific, or international. However, ETF shareholders are generally subject to the same risk as holders of the underlying securities they are

designed to track. ETFs also have 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 halts due to market conditions. Furthermore, ETFs and mutual funds will be managed by a third party not affiliated with Beacon or our affiliates. Lastly, ETFs and mutual funds are subject to management fees and other expenses which are borne by the shareholders and results in a layering of fees for Beacon's Clients.

Beacon can purchase ETFs with exposure to various asset classes and investment strategies which will have different risks.

Commodity Risk

Commodity ETFs generally gain exposure through the use of futures which can have a substantial risk of loss due to leverage.

Currency Risk

Currencies can fluctuate with changing monetary policies, economic conditions, and other factors.

Equity Risk

Equity prices can fluctuate for a variety of reasons including market sentiment and economic conditions.

Fixed Income Risk

It is important to note bond prices move inversely with interest rates and fixed income ETFs can experience negative performance in a period of rising interest rates. High yield bonds are subject to higher risk of principal loss due to an increased chance of default.

International Market Risk

International markets have risks due to currency valuations and political or economic events. Emerging markets typically have more risk than developed markets.

Inverse ETFs

Beacon can purchase unleveraged, inverse fixed income and equity ETFs depending on strategy constraints. Inverse ETFs attempt to profit from the decline of an asset or asset class by seeking to track the opposite performance of the underlying benchmark or index. Inverse products attempt to achieve their stated objectives on a daily basis and can face additional risks due to this approach. The effect of compounding over a long period can cause a large dispersion in performance between the ETF and the underlying benchmark or index. Inverse ETFs can lose money even when the benchmark or index performs as desired.

Real Estate Risk

Real estate investments can experience losses due to lower property prices, changes in interest rates, and other factors.

Sector Risk

Investments in specific sectors can experience greater levels of volatility than broad-based investments due to their narrower focus.

### Small Company Risk

The prices of smaller market capitalization companies tend to be more volatile than those of larger, more established companies.

## **Item 9: Disciplinary Information**

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 our management.

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

### **A. Broker Dealer Registration**

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. Related Persons**

#### **1. Dual Employees and Shared Resources**

Beacon maintains relationships with certain of our affiliates or persons under common control and shares central services with SFG including:

- Certain senior managers who work within SFG are involved in aspects of Beacon's business activities but do not exercise control over setting strategy, policy, or investment decision making. All decision making relating to securities selection and portfolio construction and maintenance of Beacon Client accounts is performed by Beacon personnel.
- Certain Supervised Persons serve as dual employees, including as senior managers, officers, or directors, for various affiliates (e.g., other SFG companies).
- Beacon shares services, resources, and business functions such as operations, information technology, information systems, human resources, business continuity, legal, compliance, finance, operational risk management, and internal audit. Some of these services can have a portion of the processes outsourced to a third-party service provider.

#### **2. Insurance Companies and Other Affiliates**

Beacon is a direct subsidiary of SFG and is therefore affiliated with various insurance companies through this corporate relationship. Beacon does not act as an investment adviser to any affiliated insurance companies.

#### **3. Investment Companies**

As discussed in Items 4 & 5, Beacon receives compensation as the adviser to the Beacon Funds which creates a conflict of interest in situations where a Client can access Beacon's strategies through the Beacon Funds as well as other channels such as a Wrap Fee Program. The fee

structure of the Beacon Funds creates an incentive for Beacon to solicit purchases of the Funds over other strategies. Your financial professional will help you to determine what investment vehicles are appropriate for you given your investment objectives, risk tolerance, financial circumstances, and other criteria. Beacon will not recommend one strategy over another to the Client. Beacon will not purchase shares of our Funds within our offered portfolios for Client accounts in order to remove the conflict of interest where Beacon would receive the advisory fee from our Funds in addition to the advisory fee earned from the Client account which would result in a duplication of fees to the Client..

Additionally, certain Related Persons of Beacon have provided seed capital to ETFs which Beacon serves as the investment adviser or a sub-adviser. These Related Persons have an economic interest in the performance or growth of these ETFs. This arrangement creates a potential conflict of interest, as Beacon has an incentive to recommend or retain these ETFs in Client accounts in order to minimize expenses to our related person. Beacon addresses this conflict through our compliance policies, including investment committee oversight, best execution reviews, and regular monitoring of product usage.

#### **C. Recommendation or Selection of Other Investment Advisors**

Beacon does not receive compensation from other investment advisers for recommending or selecting their services for our Clients.

#### **D. Benefits from Providers**

Beacon attends conferences and other industry events which are sponsored by the companies that manage the holdings held within Beacon's strategies, brokers who provide markets for the ETFs, and other industry participants (together the "Providers"). On certain occasions, Beacon receives tickets to these events, co-sponsors the event, or participates in discussion panels. Additionally, the Providers distribute research reports, trade data, and other beneficial information to Beacon. As such, there is a conflict of interest where Beacon is incentivized to use the investment products of, execute trades with, or otherwise conduct business with the Providers due to the aforementioned items or other benefits. Beacon's Investment Committee maintains an unbiased view of the Providers in relation to these benefits. The Committee will only select securities based upon the merits of the securities within Beacon's products and not based upon any additional benefits which will be provided or made available to Beacon from the Providers, nor will it choose to execute trades with brokers other than for best execution reasons.

Beacon has access to some economic benefit from our 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 Charles Schwab & Co., Inc. ("Schwab") and Fidelity Clearing & Custody Solutions ("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.

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

## **A. Code of Ethics**

Beacon maintains a written Code of Ethics (the “Code”) 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 officers, directors, employees, and control persons (“Supervised Persons”) are subject to requirements of the Code. The Code is based on the principle that Supervised Persons owe a fiduciary duty to Clients, including the duties of honesty, good faith, and fair dealing.

Supervised Persons have an ethical and legal obligation to avoid material conflict-of-interest situations, disclose potential conflicts and seek clarification when warranted. To that end, Supervised Persons must comply with restrictions and reporting requirements related to the offering or receipt of gifts and entertainment. Supervised Persons must also obtain pre-approval for outside business activities that could conflict with their duties or with Clients.

Supervised Persons, along with certain employees of Beacon affiliates who have access to non-public information regarding purchases and sales of Client securities, holdings, or proprietary information about Beacon’s models are deemed to be Access Persons. The Code is designed to assure that the personal securities transactions, activities, and interests of Beacon’s Supervised Persons will not interfere with Client accounts or otherwise take unfair advantage of Client relationships. Accordingly, among other things, an Access Person may not:

- Profit, or cause others to profit, based on his or her knowledge of completed or contemplated Client transactions;
- Engage in fraudulent conduct in connection with the trading of securities in a Client account; or
- Personally benefit by causing a Client to act, or fail to act, in making investment decisions.

To further mitigate potential conflicts of interest, the Code imposes restrictions on personal securities transactions in which Access Persons have a beneficial interest, including preclearance and holding period requirements for certain reportable securities.

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

You 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**

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

## **C. Investments and Recommendations for Client Held Securities**

From time to time, Beacon, its employees, Supervised Persons and Related Persons, will buy or securities for themselves that have been recommended to Clients. Such transactions create a conflict of interest as it provides an opportunity to profit prior to or because of a Client’s transaction. Beacon’s policy is that all transactions in Client held securities by Beacon, its employees, Supervised Persons, and our Related Persons will be completed simultaneously with, or after, the Client.



Beacon's Supervised Persons are bound by the Firm's Insider Trading Policy and Code of Ethics. In addition to having their personal securities transactions monitored, pre-clearance of trades in certain securities is required for persons who are in possession of certain material, non-public information. Beacon's Chief Compliance Officer will maintain a list of restricted securities requiring pre-approval.

## **Item 12: Brokerage Practices**

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

Beacon selects broker-dealers in a manner consistent with our fiduciary obligation to seek best execution for Client accounts. In evaluating or recommending broker-dealers, Beacon considers factors such as:

- Execution capability and access to liquidity sources
- Commission rates and spread transparency
- Operational efficiency (pre- and post-trade processing)
- Depth of market access and capital
- Technology infrastructure, including access to real-time data and trading systems
- Client service reputation and prior experience with the Firm

#### Direct Accounts

Beacon will select the broker-dealer for transactions when we have a direct relationship with a Client account and are provided with discretionary trading authority.

#### Model Delivery Advisory Services

Beacon does not have the ability to select the broker-dealer for transactions when we provide model delivery advisory services. The applicable Platform Providers will choose how to execute and with whom to execute the model changes.

### **B. Research and Other Soft Dollar Benefits**

Beacon may receive research and other products and services (collectively, "soft dollar benefits") from custodians and broker-dealers, including Schwab and FCC, that provide execution and custodial services for Client accounts.

If we were to use Client brokerage commissions (or markups/markdowns) to obtain soft dollar benefits, we would directly benefit because we would not have to produce or pay for those items with our own funds. This creates a potential conflict of interest because we have an incentive to select or recommend a broker-dealer based, in part, on our interest in receiving soft dollar benefits rather than on our Clients' interest in receiving the most favorable execution. We might also cause Clients to pay higher commissions in return for soft dollar benefits that we believe are consistent with our duty to seek best execution and the Section 28(e) safe harbor.

Beacon would generally use soft dollar benefits to service all Client accounts, not just those that generate such benefits. And we would not seek to allocate soft dollar benefits to Client accounts proportionately to the soft dollar credits the accounts generate.

Beacon does not currently use Client brokerage commissions to obtain soft dollar benefits and has no agreement or commitment in place to do so. If such arrangements were to be entered into, Beacon would adopt policies and procedures designed to ensure best execution for Client accounts.”

Beacon does not currently use Client brokerage commissions to obtain soft dollar benefits and has no agreement or commitment in place to do so. If such arrangements were to be entered into, Beacon would adopt policies and procedures designed to ensure best execution for Client accounts. In addition, Schwab and FCC may make available to Beacon certain other products and services that are not eligible for the Section 28(e) safe harbor (collectively, “hard dollar benefits”). These hard dollar benefits are intended to assist Beacon in the management and administration of Client accounts and in the operation of our business. Such services may include software and technology that provide access to Client account data (e.g., trade confirmations and account statements), assistance with trade execution and allocation of aggregated orders, access to funds with no transaction fees, access to certain institutional managers, support for back-office, recordkeeping, and Client reporting functions, and discounts or access to third-party providers of compliance, technology, marketing, or practice-management services. Schwab and FCC may also provide business consulting, educational conferences, and publications on practice management, succession planning, and regulatory compliance.

Beacon currently has no agreement or commitment with Schwab or FCC in place to direct a specific amount of transactions or commissions in exchange for hard dollar benefits. Were we to receive such hard dollar benefits, they would be made available as part of our custodian/broker relationship and would not be paid for with Client commissions. However, the availability of these hard dollar benefits creates a potential conflict of interest because Beacon has an incentive to recommend or require that Clients maintain accounts with Schwab or FCC based, in part, on the hard dollar benefits Beacon receives, rather than exclusively on the nature, cost, or quality of custody and brokerage services provided.

### **C. Brokerage for Client Referrals**

Beacon does not receive referrals from a broker-dealer or a third party in exchange for using that broker-dealer or third party.

### **D. Directed Brokerage**

Beacon generally does not permit directed brokerage; any exception to this policy could result in higher transaction costs, reduced ability to obtain best execution, and potentially less favorable overall pricing.

### **E. Order Aggregation and Trade Rotation**

Beacon will aggregate orders of the same security (i.e. “block”) for accounts at the same custodian when we believe it is in our Clients’ best interests and operationally feasible. Aggregation is not guaranteed, and we are under no obligation to aggregate any particular trade.

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 will be conducted as block transactions if Beacon determines it could yield better execution results for Clients. The practice of block trading may allow Beacon to obtain more favorable execution than would otherwise be available if orders were not aggregated. Using block transactions can 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 can also determine that submitting competitive risk block orders or having block orders traded throughout the day is the best option. Beacon will execute the blocks from our various custodian relationships through a random trade rotation.

Updates to models offered through Model Delivery Advisory services will also follow a random rotation schedule and will generally be processed simultaneously with the direct account rotation.

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

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

Client accounts are monitored on an ongoing basis by Beacon.

- Portfolio management and trading personnel: review accounts daily for adherence to model targets, cash levels, drift, restrictions, and trading activity.
- Investment Committee: reviews strategy level positioning, performance, and risk metrics at least monthly.
- Operations: reconciles positions, transactions, and corporate actions daily on open market days.

Titles of our Supervised Persons that conduct these reviews: Portfolio Strategists / Analysts, Trading Analysts, Operations Specialists, and Investment Committee members.

Reviews might include comparisons against benchmark figures, performance, structure, adherence to Client guidelines, prices, market conditions, portfolio holdings, transactions, and cash flows.

Beacon audits a subset of Client accounts on an ongoing basis for consistency with Client objectives, portfolio guidelines, and restrictions.

Client accounts may also be reviewed outside the set cadence under a variety 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.

#### **B. Client Reports**

Clients engaged in investment supervisory and direct account services will receive, at minimum, a quarterly performance evaluation report from Beacon detailing the Client's account.

Each Client will also receive a monthly or quarterly statement from their custodian detailing their Client account and the transaction activity during the period.

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

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

Beacon does not receive or accept compensation from third parties for providing our investment advisory services to Clients.

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

Beacon enters arrangements with Retail Advisors that qualify as promoter activities under SEC Rule 206(4)-1 of the Advisers Act (the "SEC Promoter Rule"). Through these arrangements, Beacon agrees to pay a referral fee, which is based upon a percentage of the investment management fee, to Retail Advisors in exchange for them promoting Beacon's advisory services to Clients. In connection with these arrangements, Beacon will comply with SEC Promoter Rule. The Retail Advisors describe Beacon's investment strategies to perspective Clients and provide ongoing resources to referred Clients but do not themselves provide ongoing investment advice. The amount of the referral fee is disclosed to Client via your investment management agreement and Promoter Disclosure Statement. Beacon may pay a portion of our investment management fee to other affiliated or non-affiliated parties who assist us with certain administrative tasks associated with the management of the Client account.

Retail Advisors, 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 in exchange for separate and typical commissions.

**Item 15: Custody**

Pursuant to Rule 206(4)-2 of the Advisers Act (the "SEC Custody Rule"), Beacon is deemed to have "constructive custody" of Client funds due to the authority granted by you to us to debit investment advisory services fees directly from your account(s). To mitigate any potential conflicts of interest, Beacon requires that all Client assets be maintained with independent qualified custodians.

In some cases, Clients may also grant Beacon the limited authority to disburse funds from Client accounts to one or more third parties as specifically designated by that Client via a signed standing letter of authorization ("SLOA"). After granting Beacon this limited authorization, the Client then instructs the qualified custodian for the account to accept Beacon's direction on the Client's behalf to move money to the third party designated by the Client on the SLOA. Beacon is authorized to act merely as a limited agent for the Client. The Client retains full power to change or revoke this authorization. Because of such arrangements with Clients, Beacon is deemed to have custody of Client assets. However, Beacon is exempt at this time from the SEC Custody Rule requirement to obtain a surprise examination - as Beacon complies with the conditions set forth by the SEC in its 2017 no-action letter to the Investment Adviser Association.

Beacon's custody status under the SEC Custody Rule is limited to fee debiting and certain SLOA arrangements; we do not otherwise have physical or constructive custody of Client assets.

You will receive statements on at least a quarterly basis directly from the qualified custodian that holds and maintains your assets. You are urged to carefully review all custodian statements for accuracy and compare them to the reports provided by Beacon (or other third parties). Note that statements distributed by third parties may vary from custodian-provided statements due to differences in accounting procedures, reporting dates or valuation methodologies of certain securities. Please refer to

Item 12: Brokerage Practices for additional important disclosure information relating to Beacon's relationship with custodians/broker-dealers.

### **Item 16: Investment Discretion**

Beacon accepts discretionary authority for Direct Accounts and accounts where it provides ongoing Supervisory Services. Discretionary authority means Beacon does not need to receive Client consent for determining the securities to be bought and sold, the amount of those securities to be bought or sold, or the price at which to buy or sell.

These Clients provide Beacon with discretionary authority via their Investment Advisory Contract, Investment Management Agreement, or in the contract between the Client and the custodian or Platform Provider. 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. Clients can request reasonable restrictions including restrictions to prevent purchases of certain securities or types of securities. Please refer to the description in Item 4 of this Brochure for more detail. Clients cannot direct Beacon to purchase specific securities or types of securities.

### **Item 17: Voting Client Securities**

#### **A. Voting Client Proxies**

Beacon will not ask for nor accept voting authority for Client-held securities, except for certain accounts subject to ERISA where the plan documents or our agreement expressly assign proxy voting authority to Beacon. In those limited circumstances, Beacon will vote proxies in accordance with our ERISA proxy voting policies and procedures and solely for purposes of fulfilling our obligations under ERISA.

In addition, Beacon does not advise or act for Clients with respect to any legal matters, including bankruptcies and class actions, for the securities held in their accounts.

Beacon serves as the investment adviser to the Beacon Funds. Some of these Funds will invest in other investment companies that are not affiliated ("Underlying Funds"). As required by the Investment Company Act, Beacon will vote all proxies received from the Underlying Funds in the same proportion that all shares of the Underlying Funds are voted (i.e. "mirror vote"), or in accordance with instructions received from fund shareholders, pursuant to Section 12(d)(1)(F) of the Investment Company Act. The Chief Compliance Officer maintains a record of votes cast and any applicable information related to the voting process.

#### **B. Client Receipt of Proxies**

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**

Beacon does not have any financial conditions that are likely to reasonably impair our ability to meet our contractual commitments to our Clients. Beacon has not been the subject of a bankruptcy petition.