

**BELLARS HARRIS WEALTH MANAGEMENT, LLC**

**FORM ADV PART 2A, APPENDIX 1**

**WRAP FEE PROGRAM BROCHURE**

**Item 1 – Cover Page**

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This wrap fee program brochure provides information about the qualifications and business practices of Bellars Harris Wealth Management, LLC. If you have any questions regarding the contents of this brochure, please contact our Chief Compliance Officer, Michelle McCarthy by telephone at 513-832-5447 or by email at [michelle.mccarthy@dinsmorecomplianceservices.com](mailto:michelle.mccarthy@dinsmorecomplianceservices.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.

Bellarsh Harris Wealth Management is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training. Additional information about Bellars Harris Wealth Management is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

October 20, 2025

## **Item 2 – Material Changes**

Form ADV Part 2A, Appendix 1 requires registered investment advisers to amend their wrap fee program brochure when information becomes materially inaccurate. If there are any material changes to an adviser's wrap fee program disclosure brochure since the last annual update of the wrap fee program disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Bellars Harris Wealth Management is a newly registered investment adviser and this wrap fee program brochure was initially filed as part of that registration. Accordingly, there are no material changes to report.

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### **Item 4 – Services, Fees and Compensation**

Bellars Harris Wealth Management, LLC (“BHWM” or the “Firm”) is a corporation organized in the State of Virginia. BHWM is an investment advisory firm registered with the United States Securities and Exchange Commission (“SEC”). BHWM is owned by Timothy Bellars, Claudia Bellars and Brad Harris.

The BHWM wrap fee program (the “BHWM Wrap Fee Program”) is an investment advisory program sponsored by BHWM. Investment management services are provided to clients of BHWM through the BHWM Wrap Fee Program.

In addition to the BHWM Wrap Fee Program, the Firm offers financial planning services and investment management services to certain types of qualified plan clients under different arrangements than those described in this Brochure. Information about these services is contained in the Firm’s Form ADV Part 2A.

#### **A. Description of the BHWM Wrap Fee Program**

BHWM offers investment management services on a discretionary basis and non-discretionary basis. All investment advice provided is customized to each client’s investment objectives and financial needs. The information provided by the client, together with any other information relating to the client’s overall financial circumstances, will be used by BHWM to determine the appropriate portfolio asset allocation and investment strategy for the client. BHWM provides investment management services to clients through the BHWM Wrap Fee Program.

The securities utilized in BHWM Wrap Fee Program client accounts consist of equity securities, options on equity securities, corporate bonds, REITS, registered mutual funds and exchange traded funds (ETFs), state and local municipality fixed income instruments (“municipal securities”), US government and agency securities, variable annuities, private funds/alternative investments, closed end funds and structured notes, if we determine such investments fit within a client’s objectives and are in the best interest of our clients.

BHWM may further recommend to clients that all or a portion of their BHWM Wrap Fee Program investment portfolio be managed on a discretionary basis by one or more unaffiliated money managers or investment platforms (“External Managers”). The client may be required to enter into a separate agreement with the External Manager(s), which will set forth the terms and conditions of the client’s engagement of the External Manager. BHWM generally renders services to the client relative to the discretionary selection of External Managers. BHWM also assists in establishing the client’s investment objectives for the assets managed by External Managers, monitors and reviews the account performance and defines any restrictions on the account. The investment management fees charged by the designated External Managers are exclusive of, and in addition to, the annual investment management services fee charged by BHWM. For External Managers made available through the B/D Custodian RJA, custody and securities transactions commissions are included within the BHWM Wrap Fee Program fee. If an External Manager is utilized that engages in brokerage transactions and/or custody services with a broker-dealer/custodian other than RJA, the fees charged by that broker-dealer/custodian will be exclusive of, and in addition to, the annual BHWM Wrap Program fee.

Raymond James and Associates, Inc. (“RJA”), member New York Stock Exchange/SIPC, is a “qualified custodian” as that term is described in Rule 206(4)-2 of the Investment Advisers Act of 1940. BHW M participates in the RJA Ambassador Program custodial platform. BHW M will recommend that BHW M Wrap Fee Program clients establish brokerage accounts with RJA to maintain custody of clients’ assets and to effect trades for their accounts

**Note for IRA and Retirement Plan Clients:** When BHW M provides investment advice to you regarding your retirement plan account or individual retirement account, BHW M is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way BHW M makes money creates some conflicts with your interests, so BHW M operates under a special rule that requires BHW M to act in your best interest and not put BHW M’s interest ahead of yours.

**Note Regarding Tax or Legal Advice:** In providing services, BHW M does not offer or otherwise provide tax or legal advice. BHW M will, at a client’s direction and approval, work with a client’s existing tax or legal professionals to assist in the provision of the services. Fees charged by any tax, legal or other third-party professionals are the responsibility of the client. BHW M may refer professionals; however, there is no compensation to BHW M for these referrals, and clients are under no obligation to use the referred service providers.

## **B. The BHW M Wrap Fee Program Fee**

The BHW M Wrap Fee Program Fee covers BHW M’s advisory services, custody and commissions for securities transactions effected through RJA. The number of transactions made in clients’ accounts, the size of the accounts, and the securities used to construct a portfolio, as well as the commissions charged for each transaction, determines the relative cost of the BHW M Wrap Fee Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. Participants in the BHW M Wrap Fee Program may pay a higher or lower aggregate fee than if the investment management and brokerage services are purchased separately. BHW M does not charge its clients higher advisory fees based on their trading activity, but clients should be aware that BHW M may have an incentive to limit its trading activities in client accounts because BHW M is charged for executed trades. BHW M addresses this conflict of interest by this disclosure and by its policies and procedures which work to ensure that accounts are managed in accordance with clients’ goals and objectives without consideration of trading costs incurred by BHW M.

### Cash and Margin Positions

At any specific point in time, depending upon perceived or anticipated market conditions or events (there being no guarantee that such anticipated market conditions/events will occur), BHW M may maintain cash positions for defensive or other purposes. All cash positions (money markets, etc.) will be included as part of assets under management for purposes of calculating the BHW M Wrap Fee Program Fee. In addition, BHW M does not reduce management fees for margin borrowing, regardless of whether the assets are in cash or other securities. BHW M has a financial incentive to recommend that clients borrow money for the purchase of additional securities for the client’s account managed by BHW M or otherwise not liquidate some or all the assets BHW M manages. BHW M addresses this conflict of interest by this disclosure and working to ensure that any recommendation to a client regarding the use of margin is suitable for the client.

**Additional Fees and Expenses**

In addition to the BHWM Wrap Fee Program Fee, clients will be responsible for transfer taxes, odd lot differentials, exchange fees, interest charges, ADR processing fees and any charges, taxes or other fees mandated by any federal, state or other applicable law, retirement plan account fees (where applicable), electronic fund and wire fees. Furthermore, BHWM fees do not cover transaction fees or “trade away” fees imposed for trades placed away from RJA. In addition, for External Managers, clients should review each manager’s Form ADV 2A disclosure brochure and any contract they sign with the External Manager (in a dual contract relationship). The client is responsible for all such fees and expenses, as well as trading and custody costs of a broker-dealer/custodian other than RJA if utilized by that External Manager.

**Fee Schedule**

In providing investment management services pursuant to the BHWM Wrap Fee Program, BHWM charges an annual investment management services fee that is agreed upon with each client and set forth in an agreement executed by BHWM and the client. The BHWM Wrap Fee Program investment management services fee shall be paid quarterly, in advance, based on the asset value of the client’s accounts as of the last business day of the prior quarter. The BHWM Wrap Fee Program investment management fees for the initial quarter shall be paid in arrears, on a pro rata basis, based on the value of the client’s accounts as of the last business day of that initial quarter.

For purposes of BHWM Wrap Fee Program investment management services fee calculation, BHWM utilizes third party sources, such as pricing services, custodians, fund administrators, and client-provided sources. For purposes of fee calculation, the asset value of BHWM Wrap Fee Program client accounts include cash and cash equivalents, as well as margined securities. BHWM does not reduce BHWM Wrap Fee Program investment management fees for margin borrowing, regardless of whether the assets are in cash or other securities. BHWM has a financial incentive to recommend that clients borrow money for the purchase of additional securities for the client’s BHWM Wrap Fee Program account managed by BHWM or otherwise not liquidate some or all the assets BHWM manages. BHWM addresses this conflict of interest through this disclosure and working to ensure that any recommendation to a client regarding the use of margin is suitable for the client.

The annual BHWM Wrap Fee Program investment management services fee ranges up to 1.50%.

**C. Compensation for Recommending the BHWM Wrap Fee Program**

BHWM does not have any arrangements where it receives an economic benefit from a third party for recommending the BHWM Wrap Fee Program.

**Item 5 – Account Requirements and Types of Clients**

Investment management services through the BHWM Wrap Fee Program are provided to individuals, including high net worth individuals, and entities, including, but not limited to, trusts and estates. BHWM does not impose a minimum portfolio size or a minimum initial investment to open an account. However, BHWM does reserve the right to accept or decline a potential client for any reason in its sole discretion.

**Item 6 – Portfolio Manager Selection and Evaluation**

The BHWM Wrap Fee Program utilize advisers, the External Managers, in addition to BHWM. RJA provides access to External Managers that have been subject to initial and ongoing due diligence and reviews by RJA. In making External Managers available RJA evaluates External Managers' investment philosophy and policies, records as an investment adviser, and the investment disciplines or strategies the External Manager is able to offer. In addition, in determining whether to continue to make an External Manager available RJA conducts ongoing reviews of performance calculations, peer comparisons, and examination of portfolio characteristics and holdings. This RJA External Manager information is made available to, and reviewed by, BHWM.

Performance information provided by External Managers is compared by RJA to publicly available resources for reasonableness. External Manager provided performance information is not independently verified by RJA nor BHWM.

**A. Advisory Services Offered by BHWM**

See Item 4 of this Wrap Fee BHWM Wrap Fee Program Brochure for a full description of the BHWM Wrap Fee Program. In addition to the BHWM Wrap Fee Program, BHWM provides investment management on a non-wrap fee basis to certain types of retirement plan clients and financial planning and consulting services.

**Investment Management Services to Retirement Plans**

BHWM offers discretionary and non-discretionary advisory services to qualified plans, including 401k plans. These services include, depending upon the needs of the plan client, recommending, or for discretionary clients selecting, investment options for plans to offer to participants, ongoing monitoring of a plan's investment options, assisting plan fiduciaries in creating and/or updating the plan's written investment policy statements, working with plan service providers, and providing general investment education to plan participants.

**Financial Planning Services and Consulting Services**

BHWM offers personal financial planning services to set forth goals, objectives and implementation strategies for the client over the long term. Depending upon individual client requirements, the financial plan will include recommendations for retirement planning, educational planning, estate planning, cash flow planning, tax planning and insurance needs and analysis. BHWM prepares and provides the financial planning client with a written financial plan and the financial planning services of BHWM are completed upon the delivery of the financial plan to the client.

**B. Client Tailored Advisory Services**

Clients may impose reasonable restrictions on the management of their accounts if BHWM determines, in its sole discretion, that the conditions would not materially impact the performance of a management strategy or prove overly burdensome for BHWM's management efforts.

**C. The BHWM Wrap Fee Program**

As described above, BHWM is one of the portfolio managers of the BHWM Wrap Fee Program. See Item 4 above for a description of the BHWM Wrap Fee Program and the other advisory services offered by BHWM. Clients may impose reasonable restrictions on the management of their accounts if BHWM

determines, in its sole discretion, that the conditions would not materially impact the performance of a management strategy or prove overly burdensome for BHWM's management efforts. As a portfolio manager, BHWM receives the BHWM Wrap Fee Program Fee after the payment of the brokerage, execution and custodian fees and expenses.

#### **D. Performance-Based Fees and Side-By-Side Management**

BHWM does not charge performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. BHWM's fees are calculated as described in Item 5 above.

#### **E. Methods of Analysis, Investment Strategies and Risk of Loss**

##### Methods of Analysis and Investment Strategies

BHWM primarily employs fundamental analysis methods in developing investment strategies for its clients. Research and analysis from BHWM is based on numerous sources, including third-party research materials and publicly available materials, such as company annual reports, prospectuses, and press releases.

BHWM generally employs a long-term investment strategy for its clients, as consistent with their financial goals. At times, the Firm may also buy and sell positions that are more short-term in nature, depending on the goals of the client and/or the fundamentals of the security, sector or asset class.

Client portfolios with similar investment objectives and asset allocation goals may own different securities and investments. The client's portfolio size, tax sensitivity, desire for simplicity, income needs, long-term wealth transfer objectives, time horizon and choice of custodian are all factors that influence BHWM's investment recommendations.

Investing in securities involves a risk of loss. A client can lose all or a substantial portion of his/her investment. A client should be willing to bear such a loss. Some investments are intended only for sophisticated investors and can involve a high degree of risk.

##### Material Risks Involved

Investing in securities involves a significant risk of loss which clients should be prepared to bear. BHWM's investment recommendations are subject to various market, currency, economic, political and business risks, and such investment decisions will not always be profitable. Clients should be aware that there may be a loss or depreciation to the value of the client's account. There can be no assurance that the client's investment objectives will be obtained and no inference to the contrary should be made.

Generally, the market value of equity stocks will fluctuate with market conditions, and small-stock prices generally will fluctuate more than large-stock prices. The market value of fixed income securities will generally fluctuate inversely with interest rates and other market conditions prior to maturity. Fixed income securities are obligations of the issuer to make payments of principal and/or interest on future dates, and include, among other securities: bonds, notes and debentures issued by

corporations; debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities, or by a non-U.S. government or one of its agencies or instrumentalities; municipal securities; and mortgage-backed and asset-backed securities. These securities may pay fixed, variable, or floating rates of interest, and may include zero coupon obligations and inflation-linked fixed income securities. The value of longer duration fixed income securities will generally fluctuate more than shorter duration fixed income securities. Investments in overseas markets also pose special risks, including currency fluctuation and political risks, and it may be more volatile than that of a U.S. only investment. Such risks are generally intensified for investments in emerging markets. In addition, there is no assurance that a mutual fund or ETF will achieve its investment objective. Past performance of investments is no guarantee of future results.

Additional risks involved in the securities recommended by BHWM include, among others:

- *Stock market risk*, which is the chance that stock prices overall will decline. The market value of equity securities will generally fluctuate with market conditions. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Prices of equity securities tend to fluctuate over the short term as a result of factors affecting the individual companies, industries or the securities market as a whole. Equity securities generally have greater price volatility than fixed income securities.
- *Sector risk*, which is the chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market.
- *Issuer risk*, which is the risk that the value of a security will decline for reasons directly related to the issuer, such as management performance, financial leverage, and reduced demand for the issuer's goods or services.
- *Non-diversification risk*, which is the risk of focusing investments in a small number of issuers, industries or foreign currencies, including being more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be.
- *Value investing risk*, which is the risk that value stocks not increase in price, not issue the anticipated stock dividends, or decline in price, either because the market fails to recognize the stock's intrinsic value, or because the expected value was misgauged. If the market does not recognize that the securities are undervalued, the prices of those securities might not appreciate as anticipated. They also may decline in price even though in theory they are already undervalued. Value stocks are typically less volatile than growth stocks, but may lag behind growth stocks in an up market.
- *Smaller company risk*, which is the risk that the value of securities issued by a smaller company will go up or down, sometimes rapidly and unpredictably as compared to more widely held securities. Investments in smaller companies are subject to greater levels of credit, market and issuer risk.
- *Foreign (non-U.S.) investment risk*, which is the risk that investing in foreign securities result in the portfolio experiencing more rapid and extreme changes in value than a portfolio that invests exclusively in securities of U.S. companies. Risks associated with investing in foreign securities include fluctuations in the exchange rates of foreign currencies that may affect the U.S. dollar value of a security, the possibility of substantial price volatility as a result of political and economic instability in the foreign

country, less public information about issuers of securities, different securities regulation, different accounting, auditing and financial reporting standards and less liquidity than in the U.S. markets.

- *US government securities risk*, is the risk relating to securities backed by the credit of the government as a whole or only by the issuing agency. US Treasury bonds, notes and bills and some agency securities, such as those issued by the Federal Housing Administration and Ginnie Mae, are backed by the full faith and credit of the US government as to payment of principal and interest and are the highest quality government securities. Other securities issued by US government agencies or instrumentalities, such as securities issued by the Federal Home Loan Banks and Freddie Mac, are supported only by the credit of the agency that issued them, and not by the US government. Securities issued by the Federal Farm Credit System, the Federal Land Banks and Fannie Mae are supported by the agency's right to borrow money from the US Treasury under certain circumstances but are not backed by the full faith and credit of the US government. No assurance can be given that the US government would provide financial support to its agencies and instrumentalities if not required to do so by law.
- *Municipal securities risk*, is the risk related to securities issued by or on behalf of states, territories, possessions and local governments and their agencies and other instrumentalities. Municipal securities may be secured by the issuer's general obligations or by the revenue associated with a specific capital project. Both "general obligation" municipal bonds and "revenue" bonds are subject to interest rate, credit and market risk, and uncertainties related to the tax status of a municipal bond or the rights of investors invested in these securities. The ability of an issuer to make payments could be affected by litigation, legislation or other political events or the bankruptcy of the issuer. In the event of bankruptcy of such an issuer, a client account investing in the issuer's securities could experience delays in collecting principal and interest, and the client account may not, in all circumstances, be able to collect all principal and interest to which it is entitled. In addition, imbalances in supply and demand in the municipal market may result in a deterioration of liquidity and lack of price transparency in the market. At certain times, this may affect pricing, execution, and transaction costs associated with a particular trade. The value of certain municipal securities, in particular obligation debt, may also be adversely affected by rising health care costs, increasing unfunded pension liabilities, changes in accounting standards, and by the phasing out of federal programs providing financial support. Municipal securities may be less liquid than taxable bonds and there may be less publicly available information on the financial condition of municipal securities issuers than for issuers of other securities, and the investment performance of a client account investing in municipal securities may therefore be more dependent on the analytical abilities of BHWM than if the client account held other types of investments such as stocks or taxable bonds. The secondary market for municipal securities also tends to be less well-developed or liquid than many other securities markets, a by-product of lower capital commitments to the asset class by the dealer community, which may adversely affect a client account's ability to sell municipal securities it holds at attractive prices or value municipal securities. Lower rated municipal bonds are subject to greater credit and market risk than higher quality municipal bonds.

- *Interest rate risk*, which is the chance that prices of fixed income securities decline because of rising interest rates. Similarly, the income from fixed income securities may decline because of falling interest rates.
- *Credit risk*, which is the chance that an issuer of a fixed income security will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that fixed income security to decline.
- *Exchange Traded Fund (ETF) risk*, which is the risk of an investment in an ETF, including the possible loss of principal. ETFs typically trade on a securities exchange and the prices of their shares fluctuate throughout the day based on supply and demand, which may not correlate to their net asset values. Although ETF shares will be listed on an exchange, there can be no guarantee that an active trading market will develop or continue. Owning an ETF generally reflects the risks of owning the underlying securities it is designed to track. ETFs are also subject to secondary market trading risks. In addition, an ETF may not replicate exactly the performance of the index it seeks to track for a number of reasons, including transaction costs incurred by the ETF, the temporary unavailability of certain securities in the secondary market, or discrepancies between the ETF and the index with respect to weighting of securities or number of securities held.
- *Management risk*, which is the risk that the investment techniques and risk analyses applied by BHW may not produce the desired results and that legislative, regulatory, or tax developments, affect the investment techniques available to BHW. There is no guarantee that a client's investment objectives will be achieved.
- *Real Estate risk*, which is the risk that an investor's investments in Real Estate Investment Trusts ("REITs") or real estate-linked derivative instruments will subject the investor to risks similar to those associated with direct ownership of real estate, including losses from casualty or condemnation, and changes in local and general economic conditions, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes and operating expenses. An investment in REITs or real estate-linked derivative instruments subject the investor to management and tax risks.
- *Investment Companies ("Mutual Funds") risk*, when an investor invests in mutual funds, the investor will bear additional expenses based on his/her pro rata share of the mutual fund's operating expenses, including the management fees. The risk of owning a mutual fund generally reflects the risks of owning the underlying investments the mutual fund holds.
- *Options risk*, is not suitable for everyone and options are complex securities. Option trading can be speculative in nature and carry substantial risk of loss. It is generally recommended that you invest only in options with risk capital. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a certain date (i.e., the expiration date). The two types of options are calls and puts. A call gives the holder the right to buy an asset at a certain price within a specific period of time. Calls are similar to having a long position on a stock. Buyers of calls hope that the stock will increase substantially before the option expires. A put gives the holder the right to sell an asset at a certain price within a specific period of time. Puts are very similar to having a short position on a stock. Buyers of puts hope that the price of the stock will fall before the option expires. Selling

options is more complicated and can be even riskier. Option trading risks are closely related to stock risks, as stock options are a derivative of stocks.

- *Commodity risk*, generally commodity prices fluctuate for many reasons, including changes in market and economic conditions or political circumstances (especially of key energy-producing and consuming countries), the impact of weather on demand, levels of domestic production and imported commodities, energy conservation, domestic and foreign governmental regulation (agricultural, trade, fiscal, monetary and exchange control), international politics, policies of OPEC, taxation and the availability of local, intrastate and interstate transportation systems and the emotions of the marketplace. The risk of loss in trading commodities can be substantial.
- *Cybersecurity risk*, which is the risk related to unauthorized access to the systems and networks of BHWM and its service providers. The computer systems, networks and devices used by BHWM and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach. Cybersecurity breaches can include unauthorized access to systems, networks or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. Cybersecurity breaches cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or other compliance costs; as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting issues of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers and other financial institutions; and other parties. In addition, substantial costs may be incurred by those entities in order to prevent any cybersecurity breaches in the future.
- *Alternative Investments / Private Funds risk*, investing in alternative investments is speculative, not suitable for all clients, and intended for experienced and sophisticated investors who are willing to bear the high economic risks of the investment, which can include:
  - loss of all or a substantial portion of the investment due to leveraging, short-selling or other speculative investment practices;
  - lack of liquidity in that there may be no secondary market for the investment and none expected to develop;
  - volatility of returns;
  - restrictions on transferring interests in the investment;
  - potential lack of diversification and resulting higher risk due to concentration of trading authority when a single adviser is utilized;
  - absence of information regarding valuations and pricing;
  - delays in tax reporting;
  - less regulation and higher fees than mutual funds;

- risks associated with the operations, personnel, and processes of the manager of the funds investing in alternative investments.
- *Closed-End Funds risk*, Closed-end funds typically use a high degree of leverage. They may be diversified or non-diversified. Risks associated with closed-end fund investments include liquidity risk, credit risk, volatility and the risk of magnified losses resulting from the use of leverage. Additionally, closed-end funds may trade below their net asset value.
- *Structured Notes risk* -
  - *Complexity*. Structured notes are complex financial instruments. Clients should understand the reference asset(s) or index(es) and determine how the note's payoff structure incorporates such reference asset(s) or index(es) in calculating the note's performance. This payoff calculation may include leverage multiplied on the performance of the reference asset or index, protection from losses should the reference asset or index produce negative returns, and fees. Structured notes may have complicated payoff structures that can make it difficult for clients to accurately assess their value, risk and potential for growth through the term of the structured note. Determining the performance of each note can be complex and this calculation can vary significantly from note to note depending on the structure. Notes can be structured in a wide variety of ways. Payoff structures can be leveraged, inverse, or inverse-leveraged, which may result in larger returns or losses. Clients should carefully read the prospectus for a structured note to fully understand how the payoff on a note will be calculated and discuss these issues with BHWM.
  - *Market risk*. Some structured notes provide for the repayment of principal at maturity, which is often referred to as "principal protection." This principal protection is subject to the credit risk of the issuing financial institution. Many structured notes do not offer this feature. For structured notes that do not offer principal protection, the performance of the linked asset or index may cause clients to lose some, or all, of their principal. Depending on the nature of the linked asset or index, the market risk of the structured note may include changes in equity or commodity prices, changes in interest rates or foreign exchange rates, and/or market volatility.
  - *Issuance price and note value*. The price of a structured note at issuance will likely be higher than the fair value of the structured note on the date of issuance. Issuers now generally disclose an estimated value of the structured note on the cover page of the offering prospectus, allowing investors to gauge the difference between the issuer's estimated value of the note and the issuance price. The estimated value of the notes is likely lower than the issuance price of the note to investors because issuers include the costs for selling, structuring and/or hedging the exposure on the note in the initial price of their notes. After issuance, structured notes may not be re-sold on a daily basis and thus may be difficult to value given their complexity.
  - *Liquidity*. The ability to trade or sell structured notes in a secondary market is often very limited, as structured notes (other than exchange-traded notes known as ETNs) are not listed for trading on securities exchanges. As a result, the only

potential buyer for a structured note may be the issuing financial institution's broker-dealer affiliate or the broker-dealer distributor of the structured note. In addition, issuers often specifically disclaim their intention to repurchase or make markets in the notes they issue. Clients should, therefore, be prepared to hold a structured note to its maturity date, or risk selling the note at a discount to its value at the time of sale.

- *Credit risk.* Structured notes are unsecured debt obligations of the issuer, meaning that the issuer is obligated to make payments on the notes as promised. These promises, including any principal protection, are only as good as the financial health of the structured note issuer. If the structured note issuer defaults on these obligations, investors may lose some, or all, of the principal amount they invested in the structured notes as well as any other payments that may be due on the structured notes.

There also are risks surrounding various insurance products that are recommended to BHWM clients from time to time. Such risks include, but are not limited to loss of premiums. Prior to purchasing any insurance product, clients should carefully read the policy and applicable disclosure documents.

Clients are advised that they should only commit assets for management that can be invested for the long term, that volatility from investing can occur, and that all investing is subject to risk. BHWM does not guarantee the future performance of a client's portfolio, as investing in securities involves the risk of loss that clients should be prepared to bear.

Past performance of a security or a fund is not necessarily indicative of future performance or risk of loss.

#### **F. Voting Client Securities**

BHWM does not accept the authority to and does not vote proxies on behalf of clients. Clients retain the responsibility for receiving and voting proxies for all and any securities maintained in client BHWM Wrap Fee Program portfolios.

#### **Item 7 – Client Information Provided to Portfolio Managers**

Any utilized External Managers for a client are selected by BHWM. External Managers are not provided client information since BHWM has the responsibility to determine whether the utilization of an External Manager is suitable for a client. External Managers have access to client portfolio information in their execution of advisory services for a client.

#### **Item 8 – Client Contact with Portfolio Managers**

Clients may contact BHWM personnel during regular business hours to discuss the BHWM Wrap Fee Program and their BHWM Wrap Fee Program accounts. Therefore, no restrictions are placed on a client's ability to contact or consult with BHWM. Clients are not permitted access to contact or consult with any utilized External Managers.

**Item 9 – Additional Information****A. Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of the adviser and the integrity of the adviser's management. BHWM has no information applicable to this Item.

**B. Other Financial Industry Activities and Affiliations**

Advisory persons of BHWM are licensed as insurance professionals. Such persons earn commission-based compensation for selling insurance products to clients. Insurance commissions earned by advisory persons who are insurance professionals are separate from and in addition to BHWM's advisory fee. This practice presents a conflict of interest as an advisory person who is an insurance professional has an incentive to recommend insurance products for the purpose of generating commissions rather than solely based on client needs. BHWM addresses this conflict through disclosure and strives to make recommendations which are in the best interests of its clients. Clients are under no obligation to purchase insurance products through any person affiliated with BHWM. BHWM clients should understand that lower fees.

**C. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

BHWM has a Code of Ethics (the "Code") which requires BHWM's employees ("supervised persons") to comply with their legal obligations and fulfill the fiduciary duties owed to the Firm's clients. Among other things, the Code of Ethics sets forth policies and procedures related to conflicts of interest, outside business activities, gifts and entertainment, compliance with insider trading laws and policies and procedures governing personal securities trading by supervised persons.

Personal securities transactions of supervised persons present potential conflicts of interest with the price obtained in client securities transactions or the investment opportunity available to clients. The Code addresses these potential conflicts by prohibiting securities trades that would breach a fiduciary duty to a client and requiring, with certain exceptions, supervised persons to report their personal securities holdings and transactions to BHWM for review by the Firm's Chief Compliance Officer. The Code also requires supervised persons to obtain pre-approval of certain investments, including initial public offerings and limited offerings.

BHWM will provide a copy of the Code of Ethics to any client or prospective client upon request.

**D. Review of Accounts**

While BHWM Wrap Fee Program accounts are monitored on an ongoing basis, BHWM's investment adviser representatives seek to have at least one annual meeting with each client to conduct a formal review of the client's accounts. Accounts are reviewed for consistency with the investment strategy and other parameters set forth for the account and to determine if any adjustments need to be made.

**Other Reviews and Triggering Factors**

In addition to the periodic reviews described above, reviews may be triggered by changes in an account holder's personal, tax or financial status. Other events that may trigger a review of an account are material changes in market conditions as well as macroeconomic and company- specific events. Clients are encouraged to notify BHWM of any changes in his/her personal financial situation that might affect his/her investment needs, objectives, or time horizon.

**Regular Reports**

Written brokerage statements are generated no less than quarterly and are sent directly from the qualified custodian. These reports list the account positions, activity in the account over the covered period, and other related information. Clients are also sent confirmations following each brokerage account transaction unless confirmations have been waived.

BHWM may also determine to provide account statements and other reporting to clients on a periodic basis. Clients are urged to carefully review all custodial account statements and compare them to any statements and reports provided by BHWM. BHWM statements and reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

**E. Client Referrals and Other Compensation****Client Referrals**

BHWM does not receive benefits from third parties for providing investment advice to clients. In addition, BHWM does not enter into agreements with individuals or organizations for the referral of clients.

**Other Compensation**

As described above, BHWM requires that BHWM Wrap Fee Program clients utilize RJA as the custodian/broker-dealer for their BHWM Wrap Fee Program account(s). While there is no direct link between the investment advice BHWM provides and participation in the RJA program, BHWM management receives certain economic benefits from the RJA program. These benefits may include software and other technology that provides access to client account data (such as trade confirmations and account statements), facilitates trade execution (and allocation of aggregated orders for multiple client accounts), provides research, pricing information and other market data, facilitates the payment of BHWM's fees from its clients' accounts, and assists with back-office functions, recordkeeping and client reporting. Many of these services may be used to service all or a substantial number of BHWM's accounts, including accounts not held at RJA. RJA may also make available to BHWM other services intended to help BHWM manage and further develop its business. These services may include consulting, publications and conferences on practice management, information technology, business succession, and marketing. In addition, RJA may make available, arrange and/or pay for these types of services to be rendered to BHWM by independent third parties. RJA may discount or waive fees it would otherwise charge for some of these services, pay all or a part of the fees of a third-party providing these services to BHWM, and/or RJA may pay for travel expenses relating to participation in such training. Finally, participation in the RJA program provides BHWM with access to mutual funds which normally require significantly higher minimum initial investments or are normally available only to institutional investors.

The benefits received through participation in the RJA program do not necessarily depend upon the proportion of transactions directed to RJA. The benefits are received by BHWM, in part because of commission revenue generated for RJA by BHWM's clients. This means that the investment activity in client accounts is beneficial to BHWM, because RJA does not assess a fee

to BHWM for these services. This creates an incentive for BHWM to continue to recommend RJA to its clients. While it may be possible to obtain similar custodial, execution and other services elsewhere at a lower cost, BHWM believes that RJA provides an excellent combination of these services. These services are not soft dollar arrangements, but are part of the institutional platform offered by RJA.

#### **F. Financial Information**

BHWM is not required to disclose any financial information pursuant to this item due to the following:

- a) BHWM does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of rendering services;
- b) BHWM is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts; and
- c) BHWM has never been the subject of a bankruptcy petition.

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