

## Form ADV, Part 2A



**March 30, 2024**

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This brochure provides information about the qualifications and business practices of Beacon Pointe Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 949-718-1600. 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. Any reference to or use of the terms "registered investment adviser" or "registered," does not imply that Beacon Pointe Advisors, LLC or any person associated with Beacon Pointe Advisors, LLC has achieved a certain level of skill or training.

Additional information about Beacon Pointe Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## **ITEM 2 - MATERIAL CHANGES**

**March 30, 2024**

The purpose of this page is to inform you, when amending our brochure for the annual update, of material changes since the previous annual update to this brochure. Below is a summary of material changes since our last filing:

There have been no material changes since the last filing on March 30, 2023.

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## ITEM 4 - ADVISORY BUSINESS

### Description of Advisory Firm

Beacon Pointe Advisors, LLC (“Beacon Pointe,” “we,” “our,” or “us”) is an independently owned limited liability company headquartered in Newport Beach, California. In February 2002, Beacon Pointe Advisors, LLC started operating as an investment advisor registered with the U.S. Securities and Exchange Commission. KKR Polyphony Aggregator L.P. (“**KKR Stockholder**”), an investment vehicle beneficially owned by investment funds and entities managed or sponsored by Kohlberg Kravis Roberts & Co. L.P., owns a stake in Beacon Pointe.

Beacon Pointe’s principal business includes providing investment advisory services and consulting services to individual and institutional investors. We focus on asset preservation and growth through the implementation of investment strategies and the selection of third-party investment managers, for which we have developed our own proprietary process.

### Advisory Services Offered

Beacon Pointe’s service offerings include (1) Wealth advisory services (2) Consulting services on investment and non-investment related matters, (3) Financial planning services (3) Retirement Plan Consulting Services, and (4) Outsourced Chief Investment Officer Services (“OCIO”).

#### Wealth Advisory Services

A client can engage Beacon Pointe to implement investment recommendations on a fee basis with Beacon Pointe actively managing client assets under our Wealth Advisory Agreement (the “Advisory Agreement”). Under the Advisory Agreement, Beacon Pointe will:

1. Manage a portion or all of the assets designated by the client in accordance with the terms and conditions of the Advisory Agreement. Additionally, we may recommend clients authorize the discretionary management of a portion of their assets by certain unaffiliated third-party investment managers (“Independent Managers”) where appropriate based on the client’s stated investment objectives.
2. Provide ongoing monitoring and reviewing of each Independent Manager.
3. In some cases, manage a portion of the client’s assets by primarily allocating the assets among various classes of shares of no-load mutual funds, Exchange Traded Funds (ETFs), real estate investment trusts (REITs), direct equities/bonds or private funds. From time-to-time Beacon Pointe invests our clients’ assets in a mutual fund advised by a related investment adviser. See **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading** for our policies surrounding this practice.
4. Provide financial planning services for certain clients, subject to certain conditions as noted below.

We offer these services on a discretionary basis, including the hiring and/or firing of Independent Managers, in accordance with the client’s investment objectives and any reasonable restrictions the client wishes to place on the account. Beacon Pointe reserves the right to not accept and/or terminate management of a client’s account if we feel that the client-imposed restrictions would limit or prevent us from meeting or maintaining the client’s investment strategy. Clients should notify us promptly in writing if there are any changes in their financial situation, investment objectives, or if they wish to impose or

change any restriction(s) on their account.

Beacon Pointe primarily invests client accounts by utilizing Independent Managers to manage the various asset classes determined in the client's asset allocation. Generally, client portfolios are managed by the Independent Managers through separate accounts or through mutual funds, depending on the vehicles offered by the Independent Managers and account size or other considerations specific to each client. Beacon Pointe may also directly manage the client's account utilizing mutual funds, ETFs, REITs, and private funds. In addition, client portfolios at times utilize other strategies or contain securities not included on the recommended list in the course of an acquisition or at the direction of the client; typically, these assets will be transitioned over time to the Independent Managers or securities that are recommended by Beacon Pointe. Clients may place reasonable restrictions on the management of their account with the Independent Managers. We describe our process for selecting managers and the material investment risks for our strategies under **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**, below.

Beacon Pointe may offer investment advice on any investment held by the client at the start of the advisory relationship. Beacon Pointe occasionally offers advice regarding additional types of investments if they are appropriate to address the individual needs, goals, and objectives of the client or in response to client inquiry.

We discuss our discretionary authority below under **Item 16 - Investment Discretion**.

Private clients will be provided with comprehensive financial planning advice, upon client request and subject to the minimum account size, in accordance with the Advisory Agreement. In order to provide this comprehensive financial planning advice, we gather information regarding the client's current and historical status in the areas of net worth, income, expenses, taxes, investments, retirement plans and insurance, as well as future goals and objectives. We then develop a written personalized plan, which includes specific recommendations in applicable areas. Areas of focus may include retirement planning, education funding, survivor needs analysis, risk management or wealth transfers planning. These financial planning services do not include legal or tax advice, nor preparation of any kind of income tax, gift, or estate tax returns nor preparation of any legal documents, including wills or trusts. Clients may enter into separate agreements with Beacon Pointe affiliates for tax services.

### Envestnet UMA

Beacon Pointe works with a third-party service provider, Envestnet, Inc., to help support the operational needs of managing and servicing our advisory accounts. Envestnet performs operational functions including but not limited to fee billing, portfolio reporting, account rebalancing, and trade execution, based on instructions provided by Beacon Pointe and/or the Independent Manager(s). When providing these services, Envestnet acts as an agent of Beacon Pointe. Envestnet charges a tiered platform fee based on assets under management. As assets on the Envestnet platform increase, the fee decreases. There is a minimum annual fee of \$50 per account. The Envestnet fees are separate from, and in addition to, custodial fees and Independent Manager fees.

Additional services are available on the UMA platform for an additional fee at the client's request. Additional services include but are not limited to tax overlay and impact overlay.

### SEI

In limited instances, Beacon Pointe uses SEI Investments Corporation (SIMC) as a sub-adviser. Clients on the SIMC platform pay a 0.08% fee, which is in addition to the advisory fee paid to Beacon Pointe. This fee typically covers trading and transaction costs and custodial fees. Clients on the SIMC platform will

also incur other fees related to the investments on the platform such as but not limited to mutual fund and ETF fees.

### Wrap Fee Program

Certain legacy clients of firms acquired by Beacon Pointe participate in the Wrap Fee Program. The Wrap Fee Program is not offered to any new or prospective clients of Beacon Pointe.

### Beacon Pointe Intelligent Portfolios Automated Investment Program

We offer an automated investment program (“BPIP”) through which clients are invested in a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange-traded funds (“ETFs”) and mutual funds (“Funds”) and a cash allocation. The client may instruct us to exclude up to three Funds from the portfolio. The client’s portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. (“Schwab”). We use the Institutional Intelligent Portfolios® platform (“Platform”) offered by Schwab Performance Technologies (“SPT”), a software platform provider to independent investment advisors and an affiliate of Schwab to operate the BPIP.

We are independent of and not owned by, affiliated with, or sponsored or supervised by SPT, Schwab or their affiliates (together “Schwab”). We, and not Schwab, are the client’s investment advisor and primary point of contact with respect to the BPIP. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of the program for the client, choosing a suitable investment strategy and portfolio for the client’s investment needs and goals, and managing that portfolio on an ongoing basis.

We have contracted with SPT to provide us with the Platform, which consists of technology and related trading and account management services for the BPIP.

The Platform enables us to make the BPIP available to clients online and includes a system that automates key parts of our investment process (the “System”). The System includes an online questionnaire that helps us determine the client’s investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that we will recommend a portfolio via the System in response to the client’s answers to the online questionnaire. The System also includes an automated investment engine through which we manage the client’s portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

### Participant Account Management (Discretionary)

We use a third-party platform to facilitate the management of held-away assets, such as defined contribution plan participant accounts, with discretion. The platform allows us to avoid being considered to have custody of Client funds since we do not have direct access to Client log-in credentials to affect trades.

We are not affiliated with the platform in any way and receive no compensation from them for using their platform. A link is provided to the Client, allowing them to connect an account(s) to the platform. Once Client account(s) are connected to the platform, Beacon Pointe will review the current account allocations. When deemed necessary, Beacon Pointe will rebalance the account considering client investment goals and risk tolerance, and any change in allocations will consider current economic and market trends. The goal is to improve account performance over time, minimize loss during difficult markets, and manage internal fees that harm account performance. Client accounts will be reviewed at least annually, and allocation changes will be made as deemed necessary.



### American Funds F-2 Direct-at-Fund Pro

Beacon Pointe has entered into an agreement with American Funds Service Company through which it can provide its clients with access to funds within the American Funds Family, specifically F-2 and F-2 529 share classes. The F-2 Direct-at-Fund Program offers investors the ability to invest direct at American Funds, with fee-based options rather than commissions or sales charges. F-2 shares do not have an up-front or contingent deferred sales charge, and they do not carry a 12b-1 fee, but they may have slightly higher administrative costs than other share classes. Clients in this program should refer to the fund's prospectus to better understand the costs and expenses of the specific mutual fund, including the expenses of the F-2 share class.

### **Consulting Services**

Beacon Pointe offers the following consulting services, usually on a non-discretionary basis. We offer one or more of these services to a client depending on the client's needs at the time of the initial consultation.

#### Investment Policy Development

Beacon Pointe works with clients to develop an investment policy and corresponding guidelines that are consistent with the client's goals and objectives.

#### Asset Allocation

Beacon Pointe assists clients in making asset allocation decisions for their investment portfolios. The goal of asset allocation is to assist clients in finding the asset mix that is most likely to achieve their investment objective within acceptable risk parameters. Clients receive a report illustrating historical data of portfolio combinations compared against the client's existing mix, including, but not limited to, recommendations on a prospective asset allocation combination.

#### Manager and/or Mutual Fund Search

Beacon Pointe may recommend multiple investment management firms or mutual funds to individual and/or institutional clients. We segregate and classify managers and/or mutual funds by investment style or class. Generally, Beacon Pointe will present the client with a report showing firm ownership, key employees, assets under management, investment process description, portfolio characteristics, portfolio returns, and fees. Additional factors such as minimum and maximum account size, location of firm, stability of performance, dispersion among published returns, investment philosophy, and accounts gained or lost, may be considered when recommending investment managers and/or mutual funds. We describe our process for selecting managers under **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**, below.

#### Ongoing Monitoring of Managers

Beacon Pointe will monitor, on an ongoing basis, each manager that we select to manage client's assets and provide periodic reports and/or recommendations to the client.

#### Performance Evaluation

We offer performance measurement services to clients on a quarterly basis depending upon the client's preference. Performance reporting varies depending upon client needs, but usually includes time-weighted returns for each portfolio shown against an appropriate benchmark, asset allocation of the

client's total account, percentage of the client's assets allocated among various investment managers or securities, cash flow summary, and the standard deviation of returns versus an appropriate benchmark.

### Custodial Search

Beacon Pointe offers to provide clients with recommendations, comparisons, and analysis of various custodial facilities.

Under this service, Beacon Pointe will perform a custodial search – similar to a manager search – and present a group of custodial candidates to our client for review and selection. Beacon Pointe's professionals have extensive experience conducting custodial searches for our clients. Custodial searches typically include the following information:

- History (Ownership of Firm)
- Key Personnel
- System utilized
- Size of Firm
- Average Client Size
- Fees
- Master Trust Capabilities
- Accrual Account Methods
- Conversion Process
- Technology Plans (5 Years)
- On-line Capabilities

### **Financial Planning Services (Stand-Alone)**

Beacon Pointe provides a client with a broad range of comprehensive financial analyses, including non-investment-related matters. This comprehensive financial planning service includes gathering information regarding the client's current and historical status in the areas of net worth, income, expenses, taxes, investments, retirement plans, and insurance, as well as future goals and objectives. We then develop a written personalized plan, which includes specific recommendations in applicable areas. Areas of focus may include retirement planning, education funding, survivor needs analysis, risk management or wealth transfers planning. Our financial planning services do not include the preparation of income tax, gift, or estate tax returns or the preparation of any legal documents, including wills or trusts.

In some instances, Beacon Pointe provides a client with a limited-scope financial planning service that is limited to specific planning topics such as assessing whether a client is on track to meet a defined goal such as funding retirement, college education or to sufficiently provide for survivor's needs.

### **Retirement Plan Consulting Services:**

#### 401(k) Bundled Provider Search

Beacon Pointe offers to conduct searches for providers of bundled 401(k) services, including plan administration, trustee, fund management and employee education.

At the client's direction, clients may elect to have their assets managed by either Beacon Pointe or an investment manager separate from Beacon Pointe.

#### 401(k) Consulting

Beacon Pointe offers investment management services to 401(k) and 403(b) plans, in addition to other services, including fiduciary oversight, plan consulting, fee benchmarking and vendor reviews, participant financial wellness and ERISA plan consulting.

### Education Services

We offer investment-related seminars. The seminars are intended to be educational in nature and to provide seminar participants with information regarding certain investment-related topics. The information contained in the seminar materials is not intended as specific investment advice regarding the individualized needs of particular individuals or accounts.

### **Outsourced Chief Investment Officer Services (OCIO)**

Beacon Pointe offers OCIO services on a discretionary basis, primarily to institutional clients that seek to delegate the implementation of investment management services. The scope of services Beacon Pointe offers to OCIO clients may include, but is not limited to:

- Investment Policy Development and Review
- Asset Allocation Modeling
- Investment Manager Selection and Monitoring
- Performance Measurement and Portfolio Oversight

We describe the fees charged for our consulting services below under **Item 5 - Fees and Compensation**.

### **Proprietary Private Funds**

Beacon Pointe GP, LLC acts as the general partner of proprietary private funds (the BP Real Estate Opportunities Fund, L.P., BP Real Estate Opportunities Fund II, L.P., BP Credit Opportunities Fund, L.P., BP Credit Opportunities Fund II, L.P., and the BP GIM Opportunities Fund, L.P.), organized to invest in real estate, credit-oriented, and Environmental, Social, Governance (“ESG”) vehicles respectively (the “Private Funds”). The Private Funds are available only to “Accredited Investors,” as the term is defined by Rule 501 of the Securities Act of 1933, and only by a private offering memorandum. Additional information on these standards is provided in the offering documents for the Private Funds.

### **Assets Under Management**

Beacon Pointe manages client assets on a continuous and regular basis. As of 12/31/2023, the total amount of assets under our management was:

Discretionary Assets	\$28,646,484,590
<u>Non-Discretionary Assets</u>	<u>\$ 2,633,475,896</u>
Total Assets	\$31,279,960,486

## **ITEM 5 - FEES AND COMPENSATION**

### **Fee Schedule**

#### Wealth Advisory Services

Beacon Pointe charges an annualized asset-based fee for our advisory services. Our fees will vary by

client based upon the services provided and other relevant considerations. Fees are negotiable and generally are charged based on a percentage of the market value of the portfolio under management. The specific fees and manner in which fees are charged and calculated are described in the Advisory Agreement between Beacon Pointe and the client.

The advisory fee for private clients generally ranges from 0.50% to a maximum of 1.50% of assets under management, subject to a minimum quarterly fee of \$1,250, and can be waived at our discretion.

Generally, Beacon Pointe requires clients to maintain a minimum account size of \$1 million but reserves the right to reduce or waive the minimum account requirement at our discretion. The advisory fees noted above do not include the investment management fees charged by Independent Managers. In some cases, the fees charged by the Independent Manager may be greater than those charged by Beacon Pointe. Solely with respect to certain private fund investments made in the past, clients have negotiated to pay a percentage of profits from such investments in lieu of a management fee.

Many client relationships predate the implementation of Beacon Pointe's current fee schedule. For this reason, clients' fees are sometimes higher or lower than those reflected in the previous schedule or are subject to additional or differing terms. Moreover, legacy clients originating from firms acquired by Beacon Pointe have fee schedules that differ from Beacon Pointe's standard fee schedule, as most clients maintain their previous fee schedule. In some cases, a post-acquisition /new Beacon Pointe client may be so connected to an acquired/legacy client that for asset householding/billing purposes, it makes sense that both the new client and legacy client's fee schedule reflects that of the legacy client. Once the clients sign Beacon Pointe's Advisory Agreement, we will work with the client to transition the fees to our standard procedure.

### *Investnet UMA*

Beacon Pointe charges advisory fees to clients in the Investnet UMA program. The advisory fees are negotiable and charged based on a percentage of the market value of the portfolio under management, per a tiered fee schedule set forth in the agreement between Beacon Pointe and the client.

Investnet charges a tiered platform fee ranging from 0.02% to a maximum of 0.04% per account per year. As assets on the Investnet platform increase, the program fee decreases. However, there is a minimum annual fee of \$50 per account.

The Investnet fees noted above do not include the investment management fees charged by Independent Managers.

### *Wrap Fee Program*

As noted above in **Item-4 Advisory Business** Certain legacy clients of firms acquired by Beacon Pointe participate in the Wrap Fee Program. The Wrap Fee Program is not offered to any new or prospective clients of Beacon Pointe.

Beacon Pointe charges advisory fees to clients in the Wrap Fee Program. The advisory fees are negotiable and are charged based on a percentage of the market value of the portfolio under management, per a tiered fee schedule set forth in the agreement between Beacon Pointe and the client. The Wrap Fee Program fee ranges from 0.50% to a maximum of 2.0% of assets under management.

Client participation in the Wrap Fee Program will generally cost less than the same services would for an account outside of the Wrap Fee Program, although the amount of savings will depend on the volume of trading in the client's account, advisory fees for unbundled services, and the custodian transaction

and execution fees charged for a non-wrap fee program account. Under the terms of the Wrap Fee Program, Beacon Pointe will pay trading and execution costs imposed by the custodian for transactions in the client's account directly managed by Beacon Pointe. This arrangement may present a potential conflict of interest for us, as we have a financial disincentive to engage in active trading. However, transaction fees are not a material consideration for Beacon Pointe in deciding whether to engage in any trading or the level of trading activity through the custodian.

### *Beacon Pointe Intelligent Portfolios Automated Investment Program ("BPIP")*

Beacon Pointe charges advisory fees to clients who are in the BPIP at a rate of 0.50%. Our fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or other fees to Schwab as part of the BPIP. Schwab does receive other revenues, however, including interest earned on the cash allocation in the client's portfolio, management fees received by Schwab affiliates from Schwab Funds selected for investment in the client's portfolio, and market remuneration Schwab earns when routing Fund trade orders for execution.

### *American Funds F-2 Direct-at-Fund Program*

Beacon Pointe charges an advisory fee to clients that ranges from 0.25% to 1.0% of value of the assets invested in the American Funds F-2 Direct Program.

### *SEI*

Clients in the sub-advisory program through SEI pay a 0.08% fee, which is in addition to the advisory fee paid to Beacon Pointe. This fee typically covers trading and transaction costs and custodial fees. Clients on the SIMC platform will also incur other fees related to the investments on the platform such as but not limited to mutual fund and ETF fees.

### *Consulting Services*

Beacon Pointe charges either an annual retainer fee, project fee, or hourly fee, depending on which types of consulting services are being provided. For ongoing consulting services, Beacon Pointe charges an annual retainer fee. A tiered fee schedule is charged to each client based on a percentage of the client's assets under supervision.

For discretionary portfolios, the annual retainer fee generally ranges from 0.20% to 0.50% of assets under supervision.

For non-discretionary portfolios, the annual retainer fee generally ranges from 0.08% to 0.50% of plan assets or assets under supervision.

Generally, we will charge clients who have assets over \$500 million a fixed fee, which we base on the scope of work. All retainer fees are subject to negotiation and could vary depending on the client's specific circumstances.

Beacon Pointe may enter into an agreement with a client to perform services on a project or one-time basis. In these instances, Beacon Pointe charges a project fee. The minimum project fee per client is generally \$25,000, and consulting project components are also subject to a minimum fee and/or minimum term commitments. All fees are subject to negotiation and can vary depending on the client's specific circumstances.

Hourly fees will typically range between \$350 and \$500 per hour, depending on the expertise of the persons providing the services and the nature and complexity of each client's circumstances. The hourly fee and payment terms are negotiable and, at our discretion, waived. The terms will be stated in the consulting services agreement. Generally, we offer educational seminars on a fixed fee basis. We will quote clients a fixed fee based on the estimated time to complete the seminar multiplied by our hourly rate. This fee may be negotiable depending on the nature and complexity of the seminar.

### *Financial Planning Services (Stand-Alone)*

Financial planning services are generally paid on a project fee or hourly basis. Fees are determined based on the nature and complexity of the planning services to be provided. Fees are subject to negotiation and could vary depending on the client's specific circumstances. The project fee includes the development and delivery of the plan. Beacon Pointe will also periodically review plans upon request of the client on an hourly basis.

### *Retirement Plan Consulting Services*

Beacon Pointe charges advisory fees for retirement plan consulting services. The advisory fees are negotiable and are charged based on a percentage of plan assets under the management per a tiered fee schedule. Our current advisory fee generally ranges from 0.05% to 0.50% of the plan assets or assets under management.

### *Outsourced Chief Investment Officer Services (OCIO)*

For OCIO services, the annual retainer fee generally ranges from 0.20% to 0.50% of assets under supervision.

### *Proprietary Private Funds*

The general partner for each of the Private Funds is Beacon Pointe GP, LLC:

- BP Real Estate Opportunities Fund, LP ("BPREOF")
- BP Real Estate Opportunities Fund II, LP ("BPREOF II")
- BP Credit Opportunities Fund, LP ("BPCOF")
- BP Credit Opportunities Fund (BVI), LP ("BPCOF (BVI)")
- BP Credit Opportunities Fund II, LP ("BPCOF II")
- BP Credit Opportunities Fund II (BVI), LP ("BPCOF II (BVI)")
- BP GIM Opportunity Fund, LP ("BPGIM")

The general partner is entitled to receive a 1.00% annual management fee from each of the Private Funds; however, this fee is waived for limited partners who are also clients of Beacon Pointe. Management fees for the BPREOF are based on the sum of (a) the uncalled capital of such limited partner as of the last business day of the previous calendar quarter plus (b) the unreturned invested capital of the Partnership allocable to such limited partner as of the last business day of the previous calendar quarter. For the BPCOF, BPCOF II, BPCOF(BVI), BPCOF II (BVI), and the BPREOF II, the management fee will equal 1% per annum of capital commitment of such limited partner as of the last business day of the previous calendar quarter and following the expiration of the investment period, the management fee will be calculated based on the unreturned invested capital of the Partnership allocable to such limited partner as of the last business day of the previous calendar quarter. For the BP GIM Opportunity Fund, LP the management fee will be 1% per annum of the capital commitment of such limited partner as of the last business day of the previous quarter. Fees are assessed quarterly in advance and prorated, as applicable. Each of

the Private Funds will pay for all ordinary and extraordinary fees, costs and expenses incurred by it or on its behalf. Additional information regarding fund fees and expenses is further outlined in the offering documents for the Private Funds.

## **Billing Method**

### *Wealth Advisory Services*

Beacon Pointe's advisory fees are generally payable quarterly in advance or in arrears, depending on the client agreement. We charge one fourth of the annual fee each quarter based on the market value of the client's portfolio as of the last day of the calendar quarter. For some custodians we work with, such as SEI, fees are paid quarterly in arrears based on the average daily balances in a client's account.

If a client contributes capital to the account, including the initial capital, on a date other than the last day of a calendar quarter, we will charge the account a prorated portion of the fees for that calendar quarter for that contribution based on the number of days remaining in that calendar quarter. Similarly, if a client withdraws a portion of the assets from the account on any date other than the last day of a calendar quarter, we will prorate the fees previously paid for that calendar quarter based on the number of days elapsed in that quarter before the withdrawal and we will refund the unearned portion to the client's account. Fees for the initial quarter under management are pro-rated and charged in arrears with the next quarter's advance payment.

Our advisory fee is calculated based on all assets in the portfolio unless expressly excluded. This means that fee calculations include cash balances invested in money market funds, short-term investment funds, ETFs, mutual funds, the entire market value of margined assets and short positions (if any), alternative investments (if any), and all other investment holdings. In low-yield environments, your advisory fee may sometimes exceed the money market yield.

Beacon Pointe aggregates related client accounts for the purpose of calculating the advisory fees applicable to each client. Beacon Pointe also reserves the right to reduce or waive our fees for employee or family accounts and certain client accounts. With client authorization, Beacon Pointe will automatically withdraw Beacon Pointe's advisory fee from the client's account held by an independent custodian. Typically, the custodian withdraws advisory fees from the client's account during the first month of each quarter based on Beacon Pointe's instruction. All clients will receive brokerage statements from the custodian no less frequently than quarterly. The custodian statement will show the deduction of the advisory fee. We will make rare exceptions to this policy and bill clients directly. In these rare cases, Beacon Pointe will send an invoice to the client who chooses not to have advisory fees withdrawn directly from their custodian account. The invoice is payable upon receipt and will include the fee calculation and amount due.

For clients that maintain margin accounts, Beacon Pointe will include the margin balance in the total billable value of a client's account. Therefore, the market value of the client's account and corresponding fee payable by the client will increase. Clients authorizing margin are advised of the potential conflict of interest whereby the client's decision employ margin will correspondingly increase the management fee payable to us. For more information, please refer to ***Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss.***

The billing practices applicable to legacy clients of firms acquired by Beacon Pointe may temporarily deviate from the general practices described above, as the operations of the acquired firm are transitioned and integrated into Beacon Pointe. Clients should refer to their applicable Agreements to understand the specific billing practices applicable to their assets.

### Consulting Services

Clients with project-based consulting services under a retainer will generally be billed quarterly in advance based on one fourth of the annual fee. Project fees are payable upon submission of the final bill once the project is completed. The fee and payment terms for hourly engagements are negotiable.

### Financial Planning Services

Financial planning services are generally paid on an hourly or fixed fee basis. Total hourly fees or stated fixed fee are due and payable at the time of execution of the consulting agreement. All consultations/plans shall be rendered within six months of the execution of the consulting agreement.

### Retirement Plan Consulting Services

Retirement plan services are generally paid in equal quarterly installments, payable in arrears on the 15<sup>th</sup> business day of each calendar quarter during the term of the agreement. Other Fees and Expenses

Beacon Pointe's fees do not include custodian fees, or the fees charged by Independent Managers. Clients should review the Independent Manager's ADV 2 Brochure regarding fee schedules, other fees charged by Independent Managers and applicable billing methods. Except for the Wrap Fee Program and Automated Investment Program (as described above), clients pay all brokerage commissions, stock transfer fees, and/or other similar charges incurred in connection with transactions in the accounts managed by Beacon Pointe from the assets in the account, which are in addition to the fees the client pays to Beacon Pointe. See **Item 12 - Brokerage Practices** below for more information. Clients in the Managed Account Program, Envestnet UMA Program, and Wrap Fee Program also pay management fees of Independent Managers, as well as all brokerage commissions, stock transfer fees, and/or other similar charges incurred in connection with transactions in the accounts managed by the Independent Managers.

In addition, any mutual fund shares held in a client's account may be subject to deferred sales charges, 12b-1 fees, and other fund-related expenses. The fund's prospectus fully describes the fees and expenses. All fees paid to Beacon Pointe for advisory services are separate and distinct from the fees and expenses charged by mutual funds. Mutual funds pay advisory fees to their managers, which are indirectly charged to all holders of the mutual fund shares. Consequently, clients with mutual funds in their portfolios are effectively paying both Beacon Pointe and the mutual fund manager for the management of their assets.

## **Termination**

### Wealth Advisory Services

Either party may terminate the Agreement at any time. Clients are requested to provide thirty (30) days written notice of termination to the other party; however, the 30-day notice may be waived at Beacon Pointe's sole discretion.

Beacon Pointe will refund any prepaid, unearned advisory fees based on the effective date of termination. Upon termination of the agreement, we will send the client a prorated refund of unearned advisory fees using the following formula:  $(Fees\ Paid) \times (Days\ Remaining\ in\ Quarter) / (Total\ Number\ of\ Days\ in\ Quarter)$ .

### Consulting Services

Either party may terminate the consulting agreement upon thirty (30) days written notice to the other



party, however the 30-day notice may be waived at Beacon Pointe's sole discretion.

Upon notice of termination, Beacon Pointe will calculate fees due for services provided through the date of termination. Any fees that we have earned for the services provided will be due upon termination. If the client paid fees in advance that were more than the amount due for services, Beacon Pointe will refund any unearned fees to the client. We will prorate the refund based on the effective date of termination.

## **Other Compensation**

Beacon Pointe does not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Beacon Pointe may recommend that clients invest in mutual funds managed by a related adviser. While Beacon Pointe does not directly receive additional compensation resulting from the use of products managed by related firms, our related adviser receives management fees from the mutual fund.

Additionally, Beacon Pointe receives fees through its affiliated general partner of the Private Funds, even though the fee is waived for clients of Beacon Pointe, Beacon Pointe has an interest in recommending the Private Funds for reasons of larger size, better deals, costs savings, etc. We describe our policies in recommending related products in *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*. For more information on our relationships with related advisers, see *Item 10 – Other Financial Industry Activities and Affiliations*, below.

## **ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Solely with respect to certain private fund investments made in the past, clients have negotiated to pay a percentage of profits from such investments in lieu of a management fee. Beacon Pointe does not otherwise charge performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **ITEM 7 - TYPES OF CLIENTS**

Beacon Pointe offers discretionary and non-discretionary investment and non-investment related consulting services and investment advisory services to institutional and individual clients. Institutional clients include trusts, estates, charitable organizations, corporations, pension and profit-sharing plans, state or municipal organizations, other business entities, and Private Funds.

### **Account Requirements**

Generally, Beacon Pointe requires clients to maintain a minimum account size of \$1 million. Significant fund withdrawals will result in a request for additional fund deposits, if necessary, to continue with management of accounts. We generally combine family accounts to meet the account size minimum. Beacon Pointe reserves the right to reduce or waive the account minimum requirements at our discretion.

## **ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

The descriptions in this *Item 8* pertain only to the wealth advisory services, including the Envestnet UMA Program, and Wrap Fee Program. Beacon Pointe uses similar methods of analysis and investment strategies in designing and updating the Automated Investment Program, but these are strictly limited to the

Funds available on, and the algorithm used by, the Automated Investment Program.

## Methods of Analysis

In beginning a new client relationship, Beacon Pointe seeks to fully understand each client's needs, circumstances, priorities, and goals. We work with clients to develop an investment strategy that reflects the client's current objectives, time horizon, risk tolerance, income needs, and incorporates any restrictions the client wishes to impose on the account.

Beacon Pointe utilizes modeling techniques to determine an optimal target allocation for the client's assets. For this process, Beacon Pointe uses both asset allocation-modeling programs as well as our own analysis to develop what we believe is a meaningful plan for our clients, including target asset class mixes.

The "core" asset classes we follow and typically include in our recommended investment portfolios include the following:

- US Equity
- Non-US Equity (Developed Markets)
- Non-US Equity (Emerging Markets)
- US Fixed Income
- Global Fixed Income
- Private Real Estate
- Private Equity
- Private Credit
- Hedge Funds
- Hedged Equity
- Real Assets

We track various categories and investment styles within each category (i.e., value, growth, small versus large, etc.) Based on each client's customized asset allocation plan, we seek out investment managers in each asset class to implement the investment strategy, based on Beacon Pointe's due diligence. The client's investments will draw from our Focus List, which comprises a select group of firms that meet or exceed our performance and qualitative criteria (see our ***Manager Selection Process***, below).

## Investment Strategies

Beacon Pointe is a firm believer in risk control through proper portfolio diversification. Diversification, or allocating client portfolios across a broad range of asset classes and investment managers, is generally considered an essential component of the effectiveness of an investment portfolio. Proper diversification minimizes or reduces the volatility and risk associated with a client's investments. We believe proper asset allocation diversification produces a portfolio with more appealing risk/return characteristics than investing in one single asset class or with one investment manager.

Beacon Pointe utilizes both active and passive management. For active management, our research process seeks managers who, we believe, can outperform their respective (index) benchmarks on a risk-adjusted basis, net of fees, over long periods of time.

### Manager Selection Process

Beacon Pointe has a "Focus List" and for us to select a manager for this list, they must successfully

complete Beacon Pointe's proprietary due diligence process.

- **Manager Sourcing** – from referrals, industry contacts, manager databases, and directed outreach. We gather basic information from public databases and incorporate data into our internal database of investment manager information.
- **Quantitative Analysis** – we assess manager performance with an emphasis on long-term consistency, risk-adjusted returns, up and down-market capture and peer group ranks. Beacon Pointe requires firms to adhere to the Global Investment Performance Standards and undergo third party verification or have an SEC-registered mutual fund.
- **Qualitative Analysis** – we meet, either virtually or in person, with members of the investment team, and review the firm's ownership and compensation structure, investment philosophy, portfolio construction process, risk controls, research and back-office resources, and trading capabilities.
- **Portfolio Analysis** – we conduct holdings-based style analysis and historical attribution analysis. Our assessment includes discussions regarding specific portfolio holdings, and in some cases on-site visits where we may request full access to the investment manager firm's records, valuation models, personnel, and research reports. Most due diligence is conducted virtually with video and phone conferences.
- **Product Evaluation** – we review the manager's ADV 2 Brochure, negotiate management fees and account minimums, and perform final scoring and research.
- **Beacon Pointe Investment Committee Decision** – a careful review by key investment personnel determines if the manager qualifies for our Focus List or is moved to our 'Manager Bench' for later consideration.

Clients of firms acquired by Beacon Pointe may have different investment strategies and may continue to use third-party managers that were in place at the time of the acquisition. Beacon Pointe will honor these arrangements for legacy clients. Legacy clients are typically limited to holding these investments and not making additional purchases. Occasionally, Beacon Pointe will conduct a limited-scope due diligence process to approve the legacy client or the acquired office to invest in the strategy or use the investment manager and place them on our "Approved List."

## **Investing Involves Risk**

All Beacon Pointe clients should understand that investing in securities involves the risk of loss, and clients should be prepared to bear that risk, including the risk of your original principal. Past performance is not indicative of future results, therefore, you should not assume that future performance of any specific investment or investment strategy will be profitable. We do not provide any representation or guarantee that your goals will be achieved.

Due to the inherent risk of loss associated with investing, the Firm cannot represent, guarantee, or imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities.

Prior to entering into an agreement with Beacon Pointe, the client should carefully consider all the following:

- The clients should commit to management only those assets that the client believes will not be needed for current purposes and that can be invested on a long-term basis, usually a minimum of five to seven years,
- That volatility from investing in the stock market can occur, and
- Over time the value of the client's assets will fluctuate and at any time may be worth more or less than the amount invested.

## Specific Security Risks

### General Risks of Owning Securities

The prices of securities held in client accounts and the income they generate may decline in response to certain events taking place around the world. These include events directly involving the issuers of the securities held as underlying assets of the mutual funds in a client's account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability and governmental or governmental agency responses to economic conditions. Finally, currency, interest rate, and commodity price fluctuations can also affect security prices and income.

### Independent Manager Strategies and Risks

The Independent Managers Beacon Pointe recommends utilize their own investment process and methods of analysis. The strategies and securities these managers invest in may have different or additional risks than those described in this brochure. For example, while Beacon Pointe does not implement investment advice using margin transactions, some Independent Managers appointed for the client utilize margin transactions in the discretionary management of client cash and securities. Use of margin can increase volatility and magnify any investment losses in a client's account. Similarly, options are utilized in certain strategies. Options are complex financial instruments and not suitable for all investors. Investing in options carries unique risks that can result in the loss of all invested principal. Clients can find more information about the strategies and related risks of the Independent Managers in **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss** in each manager's Form ADV disclosure brochure.

### Alternative Asset Classes

For those clients and portfolios, we have deemed it appropriate to include alternatives, we recommend the following alternative asset classes – real-assets, private real estate, private equity, private credit, hedged equity, and hedge funds.

Hedge funds and private equities can appear opaque as there are no high-quality established databases in existence like the public sector. This makes it more difficult to assess who is doing well and, more importantly, who is doing poorly. This obscurity makes it more essential to understand the firms with whom you are doing business and affirms the importance of a solid qualitative as well as quantitative assessment.

Unlike other alternative investments, the majority of hedge funds do not invest in private securities. Instead, they apply alternative strategies to the traditional public equity and fixed income markets. The benefits hedge funds can add to a portfolio include their return potential, lower volatility, and relatively low correlation with equities and other market-driven investments.

In the alternative investment area, historical information is very limited. While longer return series exist for some alternative strategies (such as venture capital), we feel that the data is of questionable usefulness. Using venture capital as an example, performance is very dependent on the timing of specific investments. In addition, since most venture capital investments are accounted for at cost, the asset category has an artificially low volatility of returns. A common failing of asset allocation models is their inability to distinguish if low volatility is inherent to the asset class, or if it is because the asset is infrequently valued (e.g., not exchange traded).

There are also unique manager selection issues in the alternative investment area. Although there is no shortage of managers from which to choose, few have historical track records longer than a few years.

Even among more seasoned managers, it is difficult to compare performance on an “apples to apples” basis. Since the investment vehicles are generally unregulated partnerships, the methodologies used to calculate performance vary from manager to manager. Common performance reporting problems include:

- Calculating “creative” internal rates of return (IRR);
- Presenting results before the deduction of substantial fees;
- Carrying “unrealized” investments at cost for long periods;
- Ignoring the opportunity cost of holding cash while waiting for the managers to call for capital.

Because of the lack of standards in reporting performance, a meaningful comparison of managers may only be possible if returns are recalculated using consistent assumptions and practices.

Our research professionals ask the following questions, among others, when evaluating alternative managers:

- Illiquidity – How often and under what circumstances can the client withdraw invested capital?
- Lack of transparency – Is the client comfortable investing with a manager who does not reveal their holdings or activities?
- Incentives – Are there incentives for the manager to take undue risk given the performance-based fee structure?

### Structured Notes

Beacon Pointe may recommend the use of structured notes issued by unaffiliated domestic and international banks. Structured notes are not bank deposits and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency. The terms and risks of each structured note vary materially depending on the nature and volatility of the referenced asset, the creditworthiness of the issuer, and the maturity of the instrument, among other factors. The general risks associated with this type of investment include, but are not limited to, *non-payment risk* (payment of interest and return of principal may be reduced, in whole or in part, due to underperformance of the referenced asset); *counter-party risk* (for reasons such as bankruptcy, the issuer of the structured note may fail to pay all or a portion of the principal and interest due on the structured note); and *underperformance risk* (depending on market conditions, the structured note may underperform alternative allocations to traditional bonds, the referenced asset, or a combination of such investments). Structured notes are significantly riskier than conventional debt instruments. There is a risk of loss of some or all of the principal at maturity.

### Mutual Funds (Open-end Investment Company)

A mutual fund is a company that pools money from many investors and invests the money in stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these investments. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor’s proportionate ownership of the fund’s holdings and the income those holdings generate. The price that investors pay for mutual fund shares is the fund’s per share net asset value (NAV) plus any shareholder fees that the fund imposes at the time of purchase (such as sales loads).

The benefits of investing through mutual funds include professional management, diversification, affordability, and liquidity. Mutual funds also have features that some investors might view as disadvantages:

### *Costs Despite Negative Returns*

Mutual funds pay operating and other expenses from fund assets regardless of how the fund performs, which are indirectly charged to all holders of the mutual fund shares. Depending on the timing of their investment, investors may also have to pay taxes on any capital gains distribution they receive. This includes instances where the fund went on to perform poorly after purchasing shares.

### *Lack of Control*

Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades.

### *Price Uncertainty*

With a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund's NAV, which the fund might not calculate until many hours after the investor placed their order. In general, mutual funds must calculate their NAV at least once every business day, typically after the major U.S. exchanges close.

### *Exchange-Traded Funds (ETFs)*

An ETF is a type of Investment Company (usually, an open-end fund or unit investment trust) containing a basket of stocks. Typically, the objective of a passively managed ETF is to achieve returns similar to a particular market index, including sector indexes. A passively managed ETF is similar to an index fund in that it will primarily invest in securities of companies that are included in a selected market. ETFs may also be actively managed. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETFs trade throughout the day on an exchange. Like stock mutual funds, the prices of the underlying securities and the overall market can affect ETF prices. Similarly, factors affecting a particular industry segment can affect ETF prices that track that particular sector.

### *Real Estate Investment Trusts (REIT)*

Securities issued by real estate investment trusts (REITs) primarily invest in real estate or real estate-related loans. Equity REITs own real estate properties, while mortgage REITs hold construction, development and/or long-term mortgage loans. Changes in the value of the underlying property of the trusts, the creditworthiness of the issuer, property taxes, interest rates, tax laws, and regulatory requirements, such as those relating to the environment all can affect the values and liquidity of REITs. Both types of REITs are dependent upon management skill, the cash flows generated by their holdings, the real estate market in general, and the possibility of failing to qualify for any applicable pass-through tax treatment or failing to maintain any applicable exemptive status afforded under relevant laws.

### *Interval Fund Risks*

Interval funds are classified as closed-end funds but have some distinctive features that make them different. Interval funds continuously or periodically offer their shares at a price based on the fund's net asset value. However, most do not trade on a national securities exchange and instead buy back or "repurchase" shares directly from investors. Repurchases are offered periodically (often quarterly), so investors are provided with limited liquidity. Accordingly, investments in interval funds can expose investors to liquidity risk. For example, if redemption requests exceed the repurchase thresholds, the manager will limit redemptions by "gating." That risk is more significant in funds that invest in securities of companies with smaller market capitalizations, derivatives, or securities with substantial market and/or credit risk. There is no guarantee that investors can sell their shares at any given time or in the desired amount. Interval funds may offer to repurchase as low as 5% of shares in each quarter. If many investors attempt to exit their positions during market stress, the fund manager may only be able to accommodate

this slowly over multiple quarters. In these instances, the fund manager may limit redemptions by “gating” the fund to allow for orderly liquidation. Because of this, it’s best to consider investments in interval funds to be illiquid.

### Private Funds

A private fund is an investment vehicle that pools capital from a number of investors and invests in securities and other instruments. In almost all cases, a private fund is a private investment vehicle that is typically not registered under federal or state securities laws. So that private funds do not have to register under these laws, issuers make the funds available only to certain sophisticated or accredited investors and cannot be offered or sold to the general public. Private funds are generally smaller than mutual funds because they are often limited to a small number of investors and have a more limited number of eligible investors. Many, but not all, private funds use leverage as part of their investment strategies. Private funds management fees typically include a base management fee along with a performance component. In many cases, the fund’s managers become “partners” with their clients by making personal investments of their own assets in the fund. Most private funds offer their securities by providing an offering memorandum or private placement memorandum, known as “PPM” for short. The PPM covers important information for investors and investors should review this document carefully and should consider conducting additional due diligence before investing in the private fund. The primary risks of private funds include the following:

- Private funds do not sell publicly and are therefore illiquid. An investor may not be able to exit a private fund or sell its interests in the fund before the fund closes.
- Private funds are subject to various other risks, including risks associated with the types of securities in which the private fund invests.

### Derivatives

Derivatives, including forward currency contracts, futures, options and commodity-linked derivatives and swaps, may be riskier than other types of investments because they may be more sensitive to changes in economic and market conditions, and could result in losses that significantly exceed the investor’s original investment in the derivative. Many derivatives create leverage thereby causing a portfolio to be more volatile than it would have been if it had not been exposed to such derivatives. Derivatives also expose a portfolio to counterparty risk (the risk that the derivative counterparty will not fulfill its contractual obligations), including the credit risk of the derivative counterparty.

### Margin Risk

Margin trading involves interest charges and risks, including the potential to lose more than the amount deposited or the need to deposit additional collateral in a falling market. A margin transaction occurs when an investor uses borrowed assets by using other securities as collateral to purchase financial instruments. When a security is purchased using margin, any gains or losses from the financial instruments are magnified. If a client authorizes the use of margin, and margin is used by the firm in managing the client’s investment portfolio, the market value of the client’s account and the corresponding fee payable to the firm will generally increase, unless the accounts hold options, in which case the fee may be decreased under certain market conditions. Therefore, in addition to understanding and assuming the additional principal risk associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest, whereby the client’s decision to employ margin will correspondingly increase the advisory fee payable to the firm.

### Values-based Investing, Environmental, Social and Governance “ESG”

Values-based or ESG Based Investing Risk – When directed by the client, ESG investments may be included in the client’s portfolio. It is important to note that fund managers consider ESG factors to varying degrees. Not every fund incorporates ESG factors in the same manner or degree, which can cause difficulty comparing different funds. As such, there is no standard matrix or benchmark upon which ESG factors affecting performance can be compared. ESG funds may include or exclude securities based on ESG practices vs. other investment methodologies, impacting performance, fund expenses, and investment risk. The use of ESG factors could result in selling or avoiding investments that subsequently perform well or purchasing investments that subsequently underperform. As a result, accounts that take ESG factors into account could underperform similar accounts that do not consider ESG factors. In addition, to the extent ESG factors are considered when voting proxies, doing so may not always be consistent with maximizing performance of the issue or the account holding such security. We base our ESG recommendations on the information provided to us by the issuers.

### Digital Assets Risk

Digital assets are an emerging asset class that has yet to be fully defined. There is still a lack of clarity regarding the regulatory framework that will govern this investment sector. In addition, there are various risk factors, including but not limited to valuation risk, liquidity risk, volatility risk, technology risk, and legal, tax, and regulatory risk, each with its own probability and potential impact.

### Tax-Loss Harvesting Risk

This strategy intends to sell an ETF or mutual fund at a taxable loss and replace those positions with a holding that has similar historical and expected future performance, thereby having minor impact on the overall strategic allocation but capturing the tax loss. Because past performance is not indicative of future performance, there is potential for the future performance of the replacement position to differ from that of the initial holding. This strategy may also increase trading frequency and transaction costs.

## **Allocation and Planning Tools**

The modeling tools Beacon Pointe uses to create financial plans and asset allocations for clients rely on various assumptions, such as estimates of inflation, risk, economic conditions, and rates of return on security asset classes. All return assumptions use asset class returns, not returns of actual investments, and do not include fees or expenses that clients would pay if they invested in specific products.

Modeling software is only a tool used to help guide Beacon Pointe and the client in developing an appropriate plan, and we cannot guarantee that clients will achieve the results shown in the plan. Results will vary based on the information provided by the client regarding the client’s assets, risk tolerance, and personal information. Changes to the program’s underlying assumptions or differences in actual personal, economic, or market outcomes may result in materially different results for the client. Clients should carefully consider the assumptions and limitations of the software as disclosed on the analysis reports and should discuss the results of the plan with a qualified investment professional before making any changes in their investment or allocation program.

## **ITEM 9 - DISCIPLINARY INFORMATION**

Beacon Pointe and our personnel seek to maintain the highest level of business professionalism, integrity, and ethics. Beacon Pointe does not have any disciplinary information to disclose.

## **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**



## Related Insurance Agency

Beacon Pointe is a related person of Beacon Pointe Insurance Services, LLC (“BPIS”), a California licensed insurance agency. Beacon Pointe and BPIS are under joint ownership and control. Certain personnel of Beacon Pointe are also licensed insurance agents of BPIS and sell insurance products to advisory clients and then receive commissions on the sale of insurance products. The insurance commissions are separate from and in addition to any advisory fees that a client pays to Beacon Pointe for investment advisory services. A conflict of interest may arise as potential BPIS insurance sales might create an incentive to recommend products based on compensation our personnel may earn. Clients are under no obligation to act on our personnel’s insurance recommendations or to effect the transactions through BPIS or our personnel if they decide to follow the recommendations. In all cases, we fully disclose insurance commissions to the client.

## Related Investment Adviser

### Port Street Investments LLC

Beacon Pointe is a related person of Port Street Investments, LLC (“PSI”), an SEC registered investment adviser that acts as investment adviser to a registered investment company (mutual fund). Beacon Pointe Holdings, LLC is the majority shareholder of PSI. In some cases, Beacon Pointe recommends that our clients invest in a fund advised by PSI. PSI receives investment management fees from the funds it manages. Due to the common ownership between Beacon Pointe and PSI, we have a conflict of interest in recommending mutual funds managed by this related firm. See **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading** for our policies addressing these conflicts of interest.

A Partner/Managing Director of Beacon Pointe serves as a trustee for the Managed Portfolio Series Trust (the “Trust”), of which Port Street Investments, LLC is a mutual within the trust. This employee is recused from voting on any Port Street related items under his duties as a trustee for the Trust.

## Other Related Businesses

Beacon Pointe has a related entity, Beacon Pointe GP, LLC, which acts as the general partner of the Private Funds. The Private Funds are not publicly offered or traded and are only available to “Accredited Investors” as the term is defined by Rule 501 of the Securities Act of 1933. The confidential offering memorandum and subscription agreement (the “Offering Documents”) provide additional information on these standards. Prospective investors in the Private Funds receive the Offering Documents. Beacon Pointe or its related entity receives fees in connection with management services rendered to the Private Funds and therefore has an interest in recommending the Private Funds to Beacon Pointe’s clients.

Some offices of Beacon Pointe provide tax preparation and accounting services. These offices may recommend these services to advisory clients when appropriate. Accounting and tax preparation services are separate and distinct from the advisory services offered and are provided for separate and typical compensation. Clients are under no obligation to use our firm for accounting and/or tax preparation services. Beacon Pointe may also recommend the services of other non-affiliated professionals to provide tax services. Our clients are under no obligation to engage the services of any recommended professional. It is at the sole discretion of the client whether they accept any recommendation made by Beacon Pointe. Beacon Pointe does not receive any referral fees when we recommend non-affiliated professionals.

Other entities related to Beacon Pointe through common ownership: Beacon Pointe Captive Insurance and Beacon Pointe Investment Holdings, LLC. These entities do not currently offer products or services

to Beacon Pointe's clients.

### Agents of Unaffiliated Broker-Dealer

Certain of Beacon Pointe's personnel are also licensed as registered representatives with Purshe Kaplan Sterling Investments ("PKS"), a broker-dealer member of FINRA/SIPC. Beacon Pointe is not affiliated with PKS. In their individual capacity as registered representatives, these individuals receive trailing compensation from prior sales of securities and may also receive usual and customary commissions for sales of securities through PKS. Receipt of commissions for securities sales is a conflict of interest as it gives these registered representatives an incentive to recommend investment products based on the additional compensation received. Beacon Pointe's advisory clients are not charged both advisory fees and transaction related fees on investment products that these registered representatives recommend. When client portfolios hold securities for which related registered representatives receive commissions and/or trailing 12b-1 fees Beacon Pointe does not charge advisory fees on those securities.

Certain representatives of Beacon Pointe Advisors, LLC are also Registered Representatives offering securities through APW Capital, Inc. a broker-dealer member of FINRA/SIPC. Beacon Pointe is not affiliated with APW Capital. In their individual capacity as registered representatives, these individuals receive trailing compensation from prior sales of securities and may also receive usual and customary commissions for sales of securities through APW Capital. Receipt of commissions for securities sales is a conflict of interest as it gives these registered representatives an incentive to recommend investment products based on the additional compensation received. Beacon Pointe's advisory clients are not charged both advisory fees and transaction related fees on investment products that these registered representatives recommend.

### **Investment by the KKR Stockholder**

The KKR Stockholder has purchased a stake in Beacon Pointe. The KKR Stockholder, which is owned by investment funds and other entities managed or sponsored by Kohlberg Kravis Roberts & Co. L.P. for the benefit of its third-party investors, holds its stake in Beacon Pointe for investment purposes. Beacon Pointe is not a direct or indirect subsidiary of KKR & Co. Inc. or of Kohlberg Kravis Roberts & Co. L.P. (together with their affiliates, including the KKR Stockholder and the funds and other entities that own it, the "KKR Group"). The KKR Group does not participate in or manage the day-to-day management or operations of Beacon Pointe. Beacon Pointe acts autonomously and separately from the KKR Group, subject to and in compliance with its own separate compliance policies and procedures (including an information barrier that separates the investment activities of the KKR Group and Beacon Pointe), and Beacon Pointe has agreed to indemnify the KKR Group for certain matters arising from its business and operations.

Moreover, no member of the KKR Group: (i) is directly or indirectly a sponsor of or investment adviser to any Beacon Pointe client (including any Beacon Pointe sponsored private funds); and (ii) has or will have any obligations (contractual, fiduciary, or otherwise) to Beacon Pointe's clients, operations or investments. The KKR Group expressly disclaims any and all liability for or obligations with respect to Beacon Pointe's clients, operations or investments.

KKR & Co. Inc. and its subsidiaries (the "KKR Corporate Group") sponsor investment funds that invest in private equity, credit, and real assets and have strategic partners that manage hedge funds. The KKR Corporate Group also sponsors and manages investment funds and other vehicles that facilitate co-investment alongside proprietary investments or in specific or multiple portfolio companies and other assets invested in by investment funds managed by KKR. The KKR Corporate Group also includes KKR Capital Markets LLC and MCS Capital Markets LLC, each of which is a U.S. registered broker-dealer, and certain non-US entities authorized to conduct broker-dealer activities.

Although Beacon Pointe and the KKR Group operate independently, their affiliation may, in certain circumstances, create conflicts of interest or the appearance of conflicts of interest. The KKR Corporate Group will continue to engage in its other investment and financial activities (for its own account and the account of others) and is permitted from time to time to enter into transactions with, or otherwise deal with, Beacon Pointe, its clients or with companies in which Beacon Pointe clients invest and take actions (or omit to take actions) in connection with any such transactions or other dealings that are contrary to (or otherwise conflict with) a Beacon Pointe client's interests. The KKR Corporate Group is also permitted from time to time to provide services to Beacon Pointe, its clients, and companies in which Beacon Pointe clients invest, and in such cases, generally will be paid fees (which may include warrants or other securities) for such services, and no Beacon Pointe client will receive the benefit of such fees. In addition, Beacon Pointe clients may make investments in companies in which the KKR Group has also invested (and such investments by the KKR Group may be in the same or different levels of the capital structure), and in connection with such investments, the KKR Group may take actions (or omit to take actions) that are contrary to (otherwise conflict with) Beacon Pointe clients' interests. The KKR Group is expected to pursue a broad range of investment strategies and invest in a broad range of securities, instruments, and other assets globally. From time to time, investment opportunities pursued by KKR Group may overlap or compete with the investment opportunities pursued by Beacon Pointe. As noted above, because the businesses of the KKR Group and Beacon Pointe will be operated separately and independently from each other, the KKR Group will not be prohibited from pursuing its own investment opportunities and may do so without regard to considerations for Beacon Pointe's clients. Beacon Pointe recommends the KKR Global Impact Fund when appropriate for clients. KKR Global Impact Fund is owned and managed by Beacon Pointe's majority owner KKR Stockholder, which presents a conflict of interest. Beacon Pointe receives no financial benefit from KKR in our recommendation of the KKR Global Impact Fund or as a result of being partially owned by a KKR affiliate entity. Lastly, they do not have any role on the investment committee. However, KKR's affiliated advisers earn certain fees (i.e., management fees, incentive fees) in connection with investments in KKR Funds and, therefore, will benefit from investments into the Global Impact Fund.

## **Other Activities and Affiliations**

For an asset-based fee, Beacon Pointe may contract directly with third party firms, including broker-dealers, to provide advisory consulting services to the clients of those contracted firms. Those services do not include any assumption of discretionary authority over any brokerage accounts and do not include the monitoring of securities positions. Beacon Pointe's services are limited to advice and analysis.

## **ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

Beacon Pointe believes that we owe clients the highest level of trust and fair dealing. As part of our fiduciary duty, we place the interests of our clients ahead of the interests of the firm and our personnel. Beacon Pointe's personnel are required to conduct themselves with integrity at all times and follow the principles and policies detailed in our Code of Ethics. Beacon Pointe's Code of Ethics attempts to address specific conflicts of interest that either we have identified or that could likely arise. Beacon Pointe's personnel are required to follow clear guidelines from the Code of Ethics in areas such as gifts and entertainment, other business activities, and adherence to applicable federal securities laws. Additionally, individuals who make securities recommendations to clients or who have access to nonpublic information regarding any clients' purchase or sale of securities are subject to personal trading policies governed by the Code of Ethics (see below).

Beacon Pointe will provide a complete copy of the Code of Ethics to any client or prospective client upon

request.

### *Personal Trading Practices*

Beacon Pointe and our personnel can purchase or sell securities for ourselves, regardless of whether the transaction would be appropriate for the client account. Beacon Pointe and our personnel can purchase or sell securities for ourselves that we also recommend to clients. This includes related securities (e.g., warrants, options, or futures). This presents a conflict of interest as we may have the incentive to take investment opportunities from clients for our own benefit, favor our personal trades over client transactions when allocating trades, or use the information about the transactions we intend to make for clients to our personal benefit by trading ahead of clients.

Our policies to address these conflicts include the following:

- Personal securities transactions will never adversely affect clients. Beacon Pointe will monitor the trading activity of our personnel to confirm that the interests of clients come first, and that the trading activity complies with applicable securities laws. All securities transactions and holdings in any account of our personnel, including accounts for which the individual is considered a beneficial owner, are subject to review by Beacon Pointe.
- Day trading (buying and selling in the same security on the same business day) of any security is strictly prohibited.
- Conflicts of interest also can arise when Beacon Pointe's personnel become aware of Limited Offerings or IPOs, including private placements or offerings of interests in limited partnerships or any thinly traded securities, whether public or private. Given the inherent potential for conflict, Limited Offerings and IPOs demand extreme care. Beacon Pointe's personnel are required to obtain pre-approval from the Chief Compliance Officer before trading in these types of securities.

For the clients for which Beacon Pointe assigns a sub-adviser, Beacon Pointe's personnel do not have access to the transactions in client accounts until after the trades have been placed. Therefore, we cannot take advantage of client trades in accounts managed by sub-advisers.

### **Participation or Interest in Client Transactions**

Beacon Pointe may recommend the Private Funds, which are managed by Beacon Pointe GP, LLC, a related entity, to clients for whom Beacon Pointe believes the investment is suitable. Beacon Pointe only recommends a Private Fund to clients who satisfy the requisite income and/or net worth requirements and for whom Beacon Pointe believes the investment is appropriate based on the client's ability to accept the risk. Clients will receive the confidential offering memorandum and disclosure of known risks before investing. A conflict exists because Beacon Pointe stands to benefit from additional investments in the Private Funds. To address this conflict, when Beacon Pointe recommends a Private Fund to an advisory client, which invests in the Private Fund, that client's Private Fund management fees will be waived.

Additionally, Beacon Pointe may recommend that its clients invest in a mutual fund advised by PSI, a related investment adviser. Due to the common ownership between Beacon Pointe and PSI, Beacon Pointe has a conflict of interest in recommending mutual funds managed by this related firm. In the event that Beacon Pointe utilizes mutual funds or investment products managed by related firms, clients will not be charged Beacon Pointe's investment management asset-based fees on the portion of the client's assets invested in the fund.

## ITEM 12 - BROKERAGE PRACTICES

We generally recommend that clients maintain their assets through either Charles Schwab & Co., Inc. (“Schwab”), member FINRA/SIPC, Fidelity Investments Institutional Operations Company, Inc. (“Fidelity”), member FINRA/SIPC, SEI Private Trust Company (“SEI”), or Pershing Advisor Solutions, LLC (“Pershing”). Schwab, Fidelity, SEI, and Pershing are unaffiliated, SEC-registered broker-dealers and FINRA (Financial Industry Regulatory Authority) member firms and are qualified custodians. They offer services to independently registered investment advisors, which include custody of securities, trade execution, and clearance and settlement of transactions. We are independently owned and operated, and unaffiliated with Schwab, Fidelity, SEI, or Pershing.

In addition to the above-listed custodians, Beacon Pointe has entered into an agreement with HSBC to maintain the accounts of certain legacy clients acquired by the firm. Generally, Beacon Pointe does not utilize HSBC’s custodian services for new or existing clients.

Client accounts enrolled in the Wrap Fee Program and Automated Investment Program are maintained through Schwab, Fidelity, or Pershing. Under certain rare circumstances, Beacon Pointe will make exceptions to the recommended custodians and broker-dealers and permit clients to select their own.

### **Factors Considered in Selecting Broker-Dealers for Client Transactions**

We seek to recommend a custodian/broker who will hold client assets and execute transactions on terms that are, overall, most advantageous compared to other available providers and their services. We consider a wide range of factors, including, among others, their respective financial strength, reputation, execution, pricing, commissions for transactions, research, and service. Prior to engaging Beacon Pointe to provide asset management services the client will be required to enter into a formal agreement with Beacon Pointe setting forth the terms and conditions under which Beacon Pointe shall manage the client’s assets. The client will also execute a brokerage/custodial/clearing agreement between the client and custodian.

Under certain circumstances Beacon Pointe will have discretionary authority to determine the securities to buy and/or sell and the amount of such securities. In those circumstances, such securities will primarily be limited to various classes of shares of no-load mutual funds and Exchange Traded Funds (ETFs). Beacon Pointe will generally execute such purchases or sales with Schwab, Fidelity, SEI, or Pershing. Beacon Pointe will also have discretionary authority for Wrap Fee Program clients, but all purchases and sales will be executed with Schwab, Fidelity, or Pershing. For Automated Investment Program clients, Beacon Pointe will also have discretionary authority. However, such authority will be limited to the Funds available under the Automated Investment Program, and all purchases and sales will be executed with Schwab.

### **Research and Other Benefits**

Beacon Pointe participates in the Schwab Advisor Services™ (formerly called Schwab Institutional®) program. Schwab offers services to independent investment advisors, including custody of securities, trade execution, clearance, and settlement of transactions. Beacon Pointe receives some benefits from Schwab through its participation in these programs. The additional economic benefits (“Additional Services”) received by Beacon Pointe or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to Schwab. The Additional Services we receive from Schwab may or may not be offered to any other independent investment Advisors participating in the program. The Additional Services provided allow us to better monitor and service client accounts maintained at the respective broker- dealer/custodian. Beacon Pointe does not consider this a primary factor when determining whether to recommend that a client utilize or select the services of a certain broker-

dealer/custodian. There is no direct link between our participation in these programs and the investment advice we give to our clients. However, we receive economic benefits through our participation in the program that are typically not available to Schwab retail investors. Schwab provides Additional Services to Beacon Pointe at their sole discretion, and at their own expense. Beacon Pointe does not pay any fees to Schwab for Additional Services.

Beacon Pointe's receipt of Additional Services raises conflicts of interest. Schwab's assistance toward our technology-related expenses is based on the expectation that Beacon Pointe will maintain a certain level of client assets under custody at Schwab. Schwab has offered to pay \$125,000 annually towards our technology-related expenses for the length of our relationship with Schwab as long as we maintain a minimum of \$3 billion of client assets in accounts with Schwab in perpetuity. Schwab's offer is not limited to a specific time frame, and Schwab may modify or terminate the agreement at its sole discretion. Beacon Pointe's receipt of Additional Services does not diminish our duty to act in the best interests of our clients, including seeking best execution of trades for client accounts.

Beacon Pointe recommends Schwab (to clients for custody and brokerage services. The brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts; others help us manage and grow our business. Schwab generally does not charge separately for custody services. However, they do receive compensation by charging commissions or other fees on the trades they execute or that settle into clients' Schwab accounts. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them, so long as a total of at least \$10 million of Beacon Pointe's clients' assets are maintained in accounts at Schwab. This commitment benefits our clients because the overall commission rates clients pay are lower than they would be otherwise.

We do not pay a licensing fee to Schwab for use of the Automated Investment Program software platform so long as we maintain at least \$100 million of Beacon Pointe's clients' assets in the program. If we do not meet this condition, then Beacon Pointe must pay Schwab an annual licensing fee of 0.10% on the value of client assets in the program. This fee arrangement gives us the incentive to recommend that clients invest in the Automated Investment Program. However, Beacon Pointe does not consider this fee arrangement a factor when recommending that a client enroll in the Automated Investment Program.

In addition to commissions, Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a client's brokerage account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, we have Schwab execute most trades for client accounts to minimize trading costs. Schwab also makes available to us other products and services that benefit us but may not directly benefit our clients or their accounts. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's research and that of third parties. We use this research to service all or a substantial number of our client's accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

1. Provide access to client account data (such as duplicate trade confirmations and account statements);
2. Access to an electronic communications network for client order entry and account information;
3. Facilitate trade execution and allocate aggregated trade orders for multiple client accounts;

4. Provide pricing and other market data;
5. Facilitate payment of our fees from our clients' accounts; and
6. Assist with back-office functions, recordkeeping, and client reporting.

Schwab also offer other services intended to help us manage and further develop our business enterprise. These services may include:

1. Educational conferences and events;
2. Consulting on technology, compliance, legal, and business needs;
3. Publications and conferences on practice management and business succession; and
4. Access to employee benefits providers, human capital consultants, and insurance providers.

Schwab provides some of these services themselves. In other cases, they will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays all or a part of a third party's fees. They also provide other benefits, such as occasional business entertainment for our personnel. By receiving Additional Services, Beacon Pointe will receive additional economic benefits, which may or may not be offered to any other independent advisor. In evaluating whether to recommend that client's custody their assets Schwab, we may consider the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a conflict of interest.

Clients should refer to the Independent Manager's ADV 2 Brochure for information regarding soft dollar benefits that Independent Managers may receive.

## **Brokerage for Client Referrals**

### *Schwab Advisor Network*

Beacon Pointe receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through our participation in the Schwab Advisor Network® ("the Service"). Schwab designed the Service to help investors find an independent investment advisor. Schwab is a broker-dealer independent of, and unaffiliated with, Beacon Pointe. Schwab does not supervise us and has no responsibility for our management of clients' portfolios or other advice or services we provide. Beacon Pointe pays Schwab fees to receive client referrals through the Service. Our participation in the Service raises conflicts of interest, as described below.

#### *Participation Fee*

Beacon Pointe pays Schwab a Participation Fee on all referred clients' accounts custodied at Schwab and a Non-Schwab Custody Fee on all accounts maintained at, or transferred to, another custodian. The Participation Fee we pay is a percentage of the fees the client pays to us or a percentage of the value of the assets in the client's account subject to a minimum Participation Fee. Beacon Pointe pays Schwab the Participation Fee if the referred client's account remains in custody at Schwab. Schwab bills us the Participation Fee quarterly and may increase, decrease, or waive the fee from time to time. Beacon Pointe pays the Participation Fee and not the client. We have agreed not to charge clients referred through the Service, fees, or costs greater than those fees or costs we normally charge to clients with similar portfolios who were not referred through the Service.

#### *Non-Schwab Custody Fee*

Beacon Pointe generally pays Schwab a Non-Schwab Custody Fee if Schwab does not maintain custody

of a referred client's account or if we transfer assets in the account away from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees we generally pay in a single year. This means we have an incentive to recommend that referred clients maintain custody of their accounts at Schwab.

Schwab bases the Participation Fee and Non-Schwab Custody Fee on assets in accounts of our clients referred by Schwab and those referred clients' family members living in the same household. This means that we have an incentive to encourage household members of clients referred through the Service to maintain custody of their accounts, execute transactions at Schwab, and instruct Schwab to debit our fees directly from their accounts.

### *Fidelity Wealth Advisor Solutions®*

Beacon Pointe participates in the Fidelity Wealth Advisor Solutions Program (the "WAS Program"), through which Beacon Pointe receives referrals from Fidelity Personal and Workplace Advisors, LLC ("FPWA"), a registered investment adviser and Fidelity Investments company. Beacon Pointe is independent and not affiliated with FPWA or any Fidelity Investments company. FPWA does not supervise or control Beacon Pointe, and FPWA has no responsibility or oversight for Beacon Pointe's provision of investment management or other advisory services.

Under the WAS Program, FPWA acts as a solicitor for Beacon Pointe. Beacon Pointe pays referral fees to FPWA for each referral received based on Beacon Pointe's assets under management attributable to each client referred by FPWA or members of each client's household. The WAS Program is designed to help investors find an independent investment advisor. Any referral from FPWA to Beacon Pointe does not constitute a recommendation or endorsement by FPWA of Beacon Pointe's particular investment management services or strategies.

More specifically, Beacon Pointe pays the following amounts to FPWA for referrals: for referrals made prior to April 1, 2017, an annual percentage of 0.20% of all assets in client accounts; for referrals made after April 1, 2017, the sum of (i) an annual percentage of 0.10% of all assets in client accounts where such assets are identified as "fixed income" assets by FPWA and (ii) an annual percentage of 0.25% of all other assets held in client accounts. For referrals made prior to April 1, 2017, these fees are payable for a maximum of seven years. Fees with respect to referrals made after that date are not subject to the seven-year limitation. In addition, Beacon Pointe has agreed to pay FPWA a minimum annual fee in connection with our participation in the WAS Program. These referral fees are paid by Beacon Pointe and not the client.

To receive referrals from the WAS Program, Beacon Pointe must meet certain minimum participation criteria, but we may have been selected for participation in the WAS Program because of our other business relationships with FPWA and its affiliates, including Fidelity Brokerage Services, LLC ("FBS"). As a result of our participation in the WAS Program, Beacon Pointe has a conflict of interest with respect to our decision to use certain affiliates of FPWA, including FBS, for execution, custody and clearing for certain client accounts. Beacon Pointe has an incentive to suggest the use of FBS and its affiliates to our advisory clients, whether or not those clients were referred to Beacon Pointe as part of the WAS Program. Under an agreement with FPWA, Beacon Pointe has agreed that we will not charge clients more than the standard range of advisory fees disclosed in our Form ADV 2A Brochure to cover solicitation fees paid to FPWA as part of the WAS Program. Pursuant to these arrangements, Beacon Pointe has agreed not to solicit clients to transfer their brokerage accounts from affiliates of FPWA or establish brokerage accounts at other custodians for referred clients other than when our fiduciary duties would so require, and Beacon Pointe has agreed to pay FPWA a one-time fee equal to 0.75% of the assets in a



client account that is transferred from FPWA's affiliates to another custodian; therefore, Beacon Pointe has an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of FPWA. However, participation in the WAS Program does not limit Beacon Pointe's duty to select brokers based on best execution.

## **Directed Brokerage**

Beacon Pointe generally recommends that Schwab, Fidelity, SEI, or Pershing serve as the broker-dealer/custodian for fee-based clients' accounts. Schwab, Fidelity, and Pershing serve as the broker-dealer/custodian for accounts under the Wrap Fee Program. Under limited circumstances, Beacon Pointe will permit clients to appoint which broker-dealer to execute securities transactions for client accounts in which Beacon Pointe has discretionary authority ("Directed Brokerage"). If the client elects to direct brokerage transactions to a particular broker-dealer, Beacon Pointe will not negotiate specific brokerage commission rates with the broker on the client's behalf, and Beacon Pointe may not be able to obtain the best execution for that client. Further, a client that directs brokerage may pay higher commissions than otherwise charged by another broker or dealer.

When clients elect to have their assets managed by an investment manager separate from Beacon Pointe, clients may instruct the investment manager to direct trades through third party commission recapture programs.

Beacon Pointe does not recommend initial public offerings ("IPOs") to clients. However, Beacon Pointe may, when consistent with a client's investment objectives and restrictions, and when specifically requested by a client, seek to purchase on behalf of the client the requested security in an IPO for the client's account. We require that the client initiate such requests. Beacon Pointe will not seek to obtain shares for clients who do not initiate such a request. If a client seeks to purchase an IPO Beacon Pointe will not give advice on that purchase and if a client purchases an IPO Beacon Pointe will not manage that security.

## **Aggregation and Allocation of Transactions**

The majority of trades implemented by us are completed on an individual basis. In cases when we need to implement buys or sells of the same security for numerous accounts, we may elect to purchase or sell such securities at approximately the same time by block trade. This process is also referred to as aggregating orders and batch trading and is used by our firm when we believe such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. The process of aggregating client orders is done in order to achieve better execution across client accounts. We may also do it to achieve more favorable commission rates or to allocate orders among clients on a more equitable basis to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. We use the pro rata allocation method for transaction allocation. Under this procedure, pro rata trade allocation means an allocation of the trade is issued among applicable advisory clients in amounts that are proportional to the participating advisory client's intended investable assets. We will calculate the pro rata share of each transaction included in a block order and assign the appropriate number of shares of each allocated transaction executed for the client's account. This process is executed on a per-custodian basis. For example, all clients held at Charles Schwab would receive the average price of all shares block traded at Charles Schwab by us. It is possible that clients at different custodians receive different average prices for block trades executed on the same trading day. Neither we nor our employees receive any additional compensation as a result of blocktrades. Trading Practices of Independent Managers

Accounts may be managed by Independent Managers who may have different policies than those adopted by Beacon Pointe when managing client accounts. Beacon Pointe recommends that clients in

the review the Independent Managers' ADV 2 Brochures.

## ITEM 13 - REVIEW OF ACCOUNTS

### Account Reviews

For accounts under Beacon Pointe's management and for consulting accounts where we provide ongoing investment supervision, the primary consultant/advisor assigned to the account reviews accounts. Account reviews typically consider account performance, asset allocation, and overall portfolio construction. Accounts are reviewed when requested by a client, during significant market changes, and at least annually.

Clients are encouraged to meet with Beacon Pointe on at least an annual basis to review any changes to investment objectives, account performance, and financial planning issues.

### Account Reporting

Clients receive at least quarterly, statements from the qualified custodian(s) regarding their assets showing the portfolio inventory and transactions during that period. We urge clients to carefully review such statements and compare such official custodial records to the account statements that we provide to clients. Reports we provide at the request of our clients can vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Consulting clients where Beacon Pointe provides ongoing investment supervision generally receive quarterly reports that contain at least the same information as described above.

### Financial Plan Reviews

A Managing Director, Financial Planner or the primary consultant/advisor assigned to the account is responsible for creating and reviewing clients' financial plans, as applicable. Beacon Pointe reviews financial plans on an as needed basis upon request of the client.

## ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

### Benefits We Receive from Custodial Brokers

We receive an economic benefit from Schwab in the form of the support products and services they make available to us and other independent investment advisors whose clients maintain their accounts in their custody. These products and services, how they benefit us, and the related conflicts of interest are described, see disclosure above under **Item 12 – Brokerage Practices**. The availability of Schwab's products and services to use is not based on us giving particular investment advice, such as buying securities for our clients. Payment for Client Referrals and Other Compensation

### Client Referrals

We have entered into numerous referral agreements whereby we pay a referral fee to Promoters, in accordance with the requirements of Rule 206(4)-1 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. All such referral fees shall be paid solely from our advisory fee and will not result in an additional charge to the client. Promoters may receive additional compensation, such as incentive trips and gratis attendance at conferences, including payment for meals, activities, airfare or accommodations. If an unaffiliated or an affiliated Promoter introduces a client to Beacon

Pointe, that Promoter will disclose the nature of their relationship with Beacon Pointe at the time of the solicitation. The Promoter will provide each prospective client with a written disclosure statement disclosing the terms and conditions of the arrangement between Beacon Pointe and the Promoter, including the compensation that Beacon Pointe pays the Promoter.

We compensate eligible employees for engaging in business development activities, including referring a new client. In such cases, the referring employee receives compensation in the form of a percentage of the estimated first year net revenue for the clients they refer to Beacon Pointe.

Occasionally, we may receive indirect compensation from service providers or third-party vendors in the form of gifts, entertainment, and complimentary attendance at industry conferences, meetings, or other educational events. When this occurs, we carefully assess the value and nature of these offerings to ensure that they are reasonable and customary, and to avoid any conflicts of interest.

### *Sponsorship of Corporate Events*

Companies that manage securities and other assets used in Beacon Pointe accounts, such as custodians, mutual funds, and Independent Managers, may sponsor or host Beacon Pointe events, such as conferences and seminars. They may directly pay vendors or reimburse expenses incurred for hosting education, training, or other events for clients or employees. These arrangements give rise to conflicts of interest, or perceived conflicts of interest that could influence us to include or recommend products and services offered by the sponsoring companies. Beacon Pointe does not receive any financial incentive or revenue-sharing fee for recommending specific investments or Independent Managers to its clients.

For more information on client referrals and specific solicitation arrangements, see disclosure above under ***Brokerage for Client Referrals*** under ***Item 12 – Brokerage Practices*** section.

## **ITEM 15 - CUSTODY**

Beacon Pointe is deemed to have custody of a client's funds or securities when the client has a standing written authorization with its custodian to move money from the client's account to designated third parties ("SLOA"), and under that SLOA authorizes Beacon Pointe to designate the amount or timing of such transfers to those third parties with the custodian. The SEC staff has published a set of standards intended to protect client assets in such situations, which Beacon Pointe follows.

Additionally, Beacon Pointe has limited custody of some of our client's funds or securities when the clients authorize us to deduct our management fees directly from the client's accounts. A qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution) holds the clients' funds and securities. Clients will receive statements directly from the qualified custodian at least quarterly. The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of Beacon Pointe's fee. Clients should carefully review the account statements they receive from your qualified custodian.

When clients receive statements from Beacon Pointe as well as from their qualified custodian, clients should compare these two reports carefully. Clients with any questions about their statements should contact us at the address or phone number on the cover of this brochure. Clients who do not receive their statement from their qualified custodian at least quarterly should also notify us.

Beacon Pointe GP, LLC has custody of the assets in the Private Funds as the general partner of the Private Funds and has the ability to request funds from the custodians out of the Private Funds' accounts. Beacon Pointe has put controls in place, in compliance with federal rules, to protect investors' assets in the Private Funds. Independent qualified custodians hold the assets in the Private Funds. In addition,

investors receive annual audited financials prepared by an independent accountant.

In limited circumstances, for legacy clients of firms acquired by Beacon Pointe, we are deemed to have custody due to bill pay abilities and serving as a trustee or co-trustee of client accounts. In these instances, Beacon Pointe obtains a surprise exam annually by an independent accountant for these accounts/clients.

## **ITEM 16 - INVESTMENT DISCRETION**

For most clients Beacon Pointe has full discretion to select, change, and remove Independent Managers for the client's account. When Beacon Pointe manages accounts directly using mutual funds or other securities, we have discretion to decide the specific security to trade, the quantity, and the timing of transactions for client accounts. Beacon Pointe is not required to contact clients before making changes to the Independent Managers or placing trades in their accounts. Certain securities, including private funds, require the client's written agreement to participate in the investment. Independent Managers investing client assets will also have full discretionary authority over the portion of the client's account they manage.

Clients will receive confirmations directly from the broker for any trades placed. Clients grant us discretionary authority in the contracts they sign with us. Clients also give the Independent Managers or us trading authority over their accounts when they sign the custodian paperwork.

However, certain client-imposed conditions limit Beacon Pointe's discretionary authority, such as where the client places restrictions on the account investments or directs Beacon Pointe to execute transactions through specific broker-dealers. See also **Item 4 - Tailored Services and Client Imposed Restrictions** and **Item - 12 Brokerage Practices**, above.

In rare circumstances, Beacon Pointe will recommend Independent Managers and investments in mutual funds or other securities on a non-discretionary basis. Beacon Pointe is required to get client approval before selecting or making changes to the Independent Managers or placing trades in their account. When the client approves the recommended Independent Manager, they give the Independent Manager trading authority over their accounts when they sign the custodian paperwork.

For clients under consulting arrangements, Beacon Pointe will recommend managers for portions of the client's account on a non-discretionary basis. It is up to the client to approve these recommendations.

## **ITEM 17 - VOTING CLIENT SECURITIES**

### **Proxy Voting**

Unless otherwise requested by a client, Beacon Pointe is responsible for voting proxies for securities held in certain clients' accounts where Beacon Pointe was responsible for selecting the investment. The appointed Independent Manager is responsible for voting proxies for securities selected by the Independent Manager that are held in clients' accounts.

For the proxies that Beacon Pointe is responsible for voting, Beacon Pointe has retained, at its expense, a third-party proxy voting service to handle the voting of proxies. The vendor provides written vote recommendations and guidelines. The vendor is not affiliated with Beacon Pointe. Beacon Pointe has adopted the third-party's policy guidelines, ("Proxy Edge"), and client proxies will be voted according to Proxy Comply. Beacon Pointe believes that the vendor has developed policies and procedures that ensure that client proxies are voted in the best interest of our clients. Beacon Pointe reviews Proxy Edge

yearly. Clients may retain the authority to vote all proxies in their account, but a client may not otherwise direct Beacon Pointe's vote for particular solicitations.

In cases where proxy voting authority for an ERISA Plan's holdings rests with Beacon Pointe, such proxies will be voted in accordance with Proxy Comply unless outlined otherwise in the plan's governing documents and subject to the fiduciary responsibility standards of ERISA.

If Beacon Pointe becomes aware of any type of potential or actual conflict of interest relating to a particular proxy proposal, Beacon Pointe's Chief Compliance Officer or designee will be responsible for resolving the conflict. Beacon Pointe can resolve the conflict in a number of ways depending on the type and materiality. The method selected by Beacon Pointe will depend upon the facts and circumstances of each situation and the requirements of applicable laws.

A complete copy of Beacon Pointe's current proxy voting policies and procedures is available upon request. Clients can obtain information on how their proxies were voted by contacting Beacon Pointe at the principal office and place of business indicated on page 1 of this form. In their request, clients should include their name and the account and security for which they are making the request.

For information regarding proxies voted by Independent Managers, clients should refer to the Independent Manager's ADV 2 Brochure.

## **Class Actions**

A securities "class action" lawsuit is a civil suit brought by one or more individuals ("Plaintiffs") on behalf of themselves and others who have the same grievance against the issuer of a certain security. When a class action is filed, a written notice of filing and/or settlement is prepared (the "Notice"), which outlines the reasons for the lawsuit, the parameters for qualification as a member of the class, and certain legal rights that need to be considered before becoming a member of the class (i.e., participating in the settlement). In addition, the Notice will contain instructions issued by the court or broker/dealers and/or other nominees (e.g., custodians) who receive the Notice and who hold the security on behalf of the owner/beneficiary to either (1) provide the Claims Administrator (usually the attorney for the Plaintiffs) with the name and address of each such owner/beneficiary so the Claims Administrator can send the Notice directly to such owner/beneficiary, or (2) request additional copies of the Notice and send the Notice directly to the owner/beneficiary.

In cases where Beacon Pointe is responsible for filing class actions on behalf of clients, we have selected an unaffiliated third-party vendor, to provide class action litigation monitoring and securities claim filing services on behalf of our clients. The vendor will monitor for class actions for which our clients may be eligible. Upon learning of any such class actions, the vendor will collect the applicable documentation, interpret the terms of each settlement, file the appropriate claim form, interact with the administrators, and distribute the award to applicable clients. The vendor charges clients a contingency fee which is subtracted from the award at the time of payment. Clients can opt out entirely or list specific companies against which claims should not be filed on their behalf. Clients may change their opt-out election at any time by notifying Beacon Pointe in writing. Because Beacon Pointe provides this service to our clients through a third-party vendor, we will not monitor class action suits or process any claim forms on clients' behalf, *whether or not they opt out* of this service. *If a client chooses to opt out*, the vendor also will *not monitor* any class action suits from which the client may be entitled to awards, and the vendor will *not process* any claim forms on the client's behalf. Clients who opt out are entitled to pursue securities claims themselves.

## **ITEM 18 - FINANCIAL INFORMATION**

Registered investment advisers are required in this item to provide clients with certain financial information or disclosures about the firm's financial condition. Beacon Pointe does not foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.



# Form ADV, Part 2A Appendix 1 Wrap Fee Program Brochure

**March 2024**

**Main Office:**

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Newport Beach, CA 92660  
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[www.beaconpointe.com](http://www.beaconpointe.com)

This wrap fee program brochure provides information about the qualifications and business practices of Beacon Pointe Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 949-718-1600. 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. Any reference to or use of the terms "registered investment adviser" or "registered," does not imply that Beacon Pointe Advisors, LLC or any person associated with Beacon Pointe Advisors, LLC has achieved a certain level of skill or training.

Additional information about Beacon Pointe Advisors, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## **ITEM 2 - MATERIAL CHANGES**

**March 30, 2024**

The purpose of this page is to inform you, when amending our brochure for the annual update, of material changes since the previous annual update to this brochure. There have been no material changes since our last filing.



## ITEM 3 - TABLE OF CONTENTS

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## ITEM 4 – SERVICES, FEES AND COMPENSATION

### Wrap Fee Program Services

Beacon Pointe Advisors, LLC (“Beacon Pointe,” “we,” “our,” or “us”) manages a wrap fee program (the “Wrap Fee Program”) for certain legacy clients of firms acquired by Beacon Pointe. The Wrap Fee Program is not offered to new or prospective clients of Beacon Pointe. Accounts participating in the Wrap Fee Program are managed in the same way as our non-wrap accounts described below. Under the Wrap Fee Program, however, a client may transact in investment products without incurring separate brokerage commissions or transaction fees in the client’s custodial account managed by Beacon Pointe, as described further below.

### Wealth Advisory Services

A client can engage Beacon Pointe to implement investment recommendations on a fee basis with Beacon Pointe actively managing client assets under our Wealth Advisory Agreement (“Advisory Agreement”). Under the Advisory Agreement, Beacon Pointe will:

1. Manage a portion or all of the assets designated by the client in accordance with the terms and conditions of the Advisory Agreement. Additionally, we may recommend clients authorize the discretionary management of a portion of their assets by certain unaffiliated third-party investment managers (“Independent Managers”) where appropriate based on the client’s stated investment objectives.
2. Provide ongoing monitoring and reviewing of each Independent Manager
3. In some cases, manage a portion of the client’s assets by primarily allocating the assets among various classes of shares of no-load mutual funds, Exchange Traded Funds (ETFs), real estate investment trusts (REITs), or private funds. From time-to-time Beacon Pointe invests our clients’ assets in a mutual fund advised by a related investment adviser. See **Item 9 – Additional Information** for our policies surrounding this practice.
4. Provide financial planning services for certain clients subject to certain conditions as noted below.

We offer these services on a discretionary basis, including the hiring and/or firing of Independent Managers, and in accordance with the client’s investment objectives and any reasonable restrictions the client wishes to place on the account. Beacon Pointe reserves the right to not accept and/or terminate management of a client’s account if we feel that the client-imposed restrictions would limit or prevent us from meeting or maintaining the client’s investment strategy. Clients should notify us promptly in writing if there are any changes in their financial situation or investment objectives, or if they wish to impose or change any restriction(s) on their account.

Beacon Pointe primarily invests client accounts by utilizing Independent Managers to manage the various asset classes determined in the client’s asset allocation. Generally, client portfolios are managed by the Independent Managers through separate accounts or through mutual funds, depending on the vehicles offered by the Independent Managers and account size or other considerations specific to each client. Beacon Pointe may also directly manage the client’s account utilizing mutual funds, ETFs, REITs, and private funds. In addition, client portfolios at times utilize other strategies or contain securities not included on the recommended list in the course of an acquisition or at the direction of the client; typically, these assets will be transitioned over time to the Independent Managers or securities that are recommended by Beacon Pointe. Clients may place reasonable restrictions on the management of their

account with the Independent Managers. We describe our process for selecting managers and the material investment risks for our strategies under **Item 6 – Portfolio Manager Selection and Evaluation**.

Beacon Pointe may offer investment advice on any investment held by the client at the start of the advisory relationship. Beacon Pointe occasionally offers advice regarding additional types of investments if they are appropriate to address the individual needs, goals, and objectives of the client or in response to client inquiry.

Private clients will be provided with comprehensive financial planning advice, upon client request and subject to the minimum account size or minimum annual advisory fee in accordance with the client's agreement. In order to provide this comprehensive financial planning advice, we gather information regarding the client's current and historical status in the areas of net worth, income, expenses, taxes, investments, retirement plans and insurance, as well as future goals and objectives. We then develop a written personalized plan, which includes specific recommendations in applicable areas. Areas of focus may include retirement planning, education funding, survivor needs analysis, risk management or wealth transfers planning. These financial planning services do not include preparation of any kind of income tax, gift, or estate tax returns nor preparation of any legal documents, including wills or trusts.

### **Fees for the Wrap Fee Program**

Beacon Pointe charges advisory fees to clients who are in the Wrap Fee Program. The advisory fees are negotiable and are charged based on a percentage of the market value of the portfolio under management, per a tiered fee schedule set forth in the agreement between Beacon Pointe and the client.

The Wrap Fee Program fee ranges from 0.50% to a maximum of 2.0% of assets under management.

Client participation in the Wrap Fee Program will generally cost less than the same services would for an account participating in an account outside of the Wrap Fee Program, although the amount of savings will depend on the volume of trading in the client's account, advisory fees for unbundled services, and the custodian transaction and execution fees charged for a non-wrap fee program account. Under the terms of the Wrap Fee Program, Beacon Pointe will pay trading and execution costs imposed by the custodian for transactions in the client's account directly managed by Beacon Pointe. This arrangement may present a potential conflict of interest for us, as we have a financial disincentive to engage in active trading. However, transaction fees are not a material consideration for Beacon Pointe in deciding whether to engage in any trading or the level of trading activity through the custodians, Charles Schwab & Co., Inc. ("Schwab"), Fidelity, or Pershing Advisor Solutions, LLC ("Pershing").

Schwab has eliminated commissions for online trades of equities, ETFs and options (subject to a \$0.65 contract fee). This means that, in most cases, when we buy and sell these types of securities, we will not have to pay any commissions to the custodian of your account. Beacon Pointe encourages prospective clients to review your custodian's pricing to compare the total costs of entering into a wrap fee arrangement versus a non-wrap fee arrangement. If you choose to enter into a wrap fee arrangement, your total cost to invest could exceed the cost of paying for brokerage and advisory services separately. To see what you would pay for transactions in a non-wrap account, please refer to Schwab's most recent pricing schedules, available at [schwab.com/aspricingguide](https://www.schwab.com/aspricingguide).

### **Billing Method**

Beacon Pointe's advisory fees are generally payable quarterly in advance at the beginning of each calendar quarter. We charge one fourth of the annual fee each quarter based on the market value of the client's portfolio as of the last day of the prior calendar quarter. If a client contributes capital to the account,

including the initial capital, on a date other than the last day of a calendar quarter, we will charge the account a prorated portion of the fees for that calendar quarter for that contribution based on the number of days remaining in that calendar quarter. Similarly, if a client withdraws a portion of the assets from the account on any date other than the last day of a calendar quarter, we will prorate the fees previously paid for that calendar quarter based on the number of days elapsed in that quarter before the withdrawal and we will refund the unearned portion to the client's account. Fees for the initial quarter under management are pro-rated and charged in arrears with the next quarter's advance payment.

Beacon Pointe aggregates related client accounts for purposes of calculating the advisory fees applicable to each client. Beacon Pointe also reserves the right to reduce or waive our fees for employee or family accounts and certain client accounts.

With client authorization, Beacon Pointe will automatically withdraw Beacon Pointe's advisory fee from the client's account held by an independent custodian. Typically, the custodian withdraws advisory fees from the client's account during the first month of each quarter based on Beacon Pointe's instruction. All clients will receive brokerage statements from the custodian no less frequently than quarterly. The custodian statement will show the deduction of the advisory fee. We will make rare exceptions to this policy and bill clients directly. In these rare cases, Beacon Pointe will send an invoice to the client who chooses not to have advisory fees withdrawn directly from their custodian account. The invoice is payable upon receipt and will include the fee calculation and amount due.

## **Other Fees and Expenses**

Beacon Pointe's fees do not include the fees charged by Independent Managers or their custodians. Clients should review the Independent Manager's ADV 2 Brochure regarding fee schedules, other fees charged by Independent Managers, and applicable billing methods. Clients in the Wrap Fee Program pay the management fees of Independent Managers as well as the trading and execution costs imposed by the custodians for transactions in the client's accounts managed by Independent Managers. In some cases, the fees charged by the Independent Manager may be greater than those charged by Beacon Pointe.

Other fees not included in the advisory fee for our Wrap Fee Program are charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), fees for trades executed away from the custodian, mark-ups and mark-downs, spreads paid to market makers, wire transfer fees, and other fees and taxes on brokerage accounts and securities transactions. Any mutual fund shares held in a client's account may be subject to deferred sales charges, 12b-1 fees, and other fund-related expenses. The fund's prospectus fully describes the fees and expenses. All fees paid to Beacon Pointe for advisory services are separate and distinct from the fees and expenses charged by mutual funds. Mutual funds pay advisory fees to their managers, which are indirectly charged to all holders of the mutual fund shares. Consequently, clients with mutual funds in their portfolios are effectively paying both Beacon Pointe and the mutual fund manager for the management of their assets.

## **Termination**

Either party may terminate the wrap fee program agreement at any time. Clients are requested to provide thirty (30) days written notice of termination to the other party, however the 30-day notice may be waived at Beacon Pointe's sole discretion.

Beacon Pointe will refund any prepaid, unearned advisory fees based on the effective date of termination. Upon termination of the agreement, we will send the client a prorated refund of unearned advisory fees using the following formula:  $(Fees\ Paid) \times (Days\ Remaining\ in\ Quarter) / (Total\ Number\ of\ Days\ in\ Quarter)$ .

## Other Compensation

Beacon Pointe does not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Beacon Pointe may recommend that clients invest in mutual funds managed by a related adviser. While Beacon Pointe does not directly receive additional compensation resulting from the use of products managed by related firms, our related adviser receives management fees from the mutual fund.

Additionally, Beacon Pointe receives fees through its affiliated general partner of certain private funds sponsored by Beacon Pointe. Even though such private fund fees are waived for clients of Beacon Pointe, Beacon Pointe has an interest in recommending the private funds for reasons of larger size, better deals, costs savings, etc. We describe our policies in recommending related products, as well as our relationships with related advisers, in *Item 9 – Additional Information*.

## ITEM 5 – ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

### Account Requirements

Generally, Beacon Pointe requires Wrap Fee Program clients to maintain a minimum account size of \$1 million but reserves the right to reduce or waive the account minimum requirements at our discretion. Some accounts are under different fee schedules; the maximum fee rate is 2.00%.

### Types of Clients

Under the Wrap Fee Program, Beacon Pointe's services are offered to individuals, trusts, estates, charitable organizations, corporations, pension and profit-sharing plans, and other business entities.

## ITEM 6 – PORTFOLIO MANAGER SELECTION AND EVALUATION

### Methods of Analysis

In beginning a new client relationship, Beacon Pointe seeks to fully understand the needs, circumstances, priorities, and goals of each client. For institutional clients, we work with clients to articulate an investment policy that reflects the client's current objectives and levels of risk tolerance and incorporates any restrictions the client wishes to impose on the account. With the approved investment policy in place, Beacon Pointe utilizes modeling techniques to determine an optimal target allocation for the client's assets. For this process, Beacon Pointe uses both asset allocation-modeling programs as well as our own analysis to develop what we believe is a meaningful plan for our clients, including target asset class mixes.

The "core" asset classes we follow and typically include in our recommended investment portfolios include the following:

- US Equity
- Non-US Equity (Developed Markets)
- Non-US Equity (Emerging Markets)
- US Fixed Income
- Global Fixed Income
- Private Real Estate

- Private Equity
- Hedge Funds
- Hedged Equity
- Real Assets

We track various categories and investment styles within each of these categories (i.e., value, growth, small versus large, etc.) Based each client’s customized asset allocation plan for each client, we investment managers in each asset class to implement the investment strategy, based on Beacon Pointe’s due diligence The client’s investments will draw from our Focus List, which comprises a select group of firms that meet or exceed our strict performance and qualitative criteria (see our ***Manager Selection Process*** below).

## **Investment Strategies**

Beacon Pointe is a firm believer in risk control through proper portfolio diversification. Diversification, or allocating client portfolios across a broad range of asset classes and investment managers, is also regarded as an essential component of effective success of an investment portfolio. Proper diversification minimizes or reduces the volatility and risk associated with a client’s investments. We believe proper asset allocation diversification produces a portfolio with more appealing risk/return characteristics than investing in one single asset class or with one investment manager.

Beacon Pointe utilizes both active and passive management. For active management our research process seeks managers who can outperform their respective (index) benchmarks on a risk-adjusted basis, net of fees, over long periods of time.

### *Manager Selection Process*

Beacon Pointe has a “Focus List” and for us to select a manager for this list, they must successfully complete Beacon Pointe’s proprietary due diligence process.

- **Manager Sourcing** – from referrals, industry contacts, manager databases, and directed outreach. We gather basic information from public databases and incorporate data into our internal database of investment manager information.
- **Quantitative Analysis** – we assess manager performance with an emphasis on long-term consistency, risk-adjusted returns, up and down-market capture and peer group ranks. Beacon Pointe requires firms to adhere to the Global Investment Performance Standards and undergo third party verification.
- **Qualitative Analysis** – we meet with members of the investment team, conduct interviews with analysts, and review the firm’s ownership and compensation structure, investment philosophy, portfolio construction process, risk controls, research and back-office resources, and trading capabilities.
- **Portfolio Analysis** – we conduct holdings-based style analysis and historical attribution analysis. Our assessment includes discussions regarding specific portfolio holdings, and in some cases on-site visits where we may request full access to the investment manager firm’s records, valuation models, personnel, and research reports. Most due diligence is conducted virtually with video and phone conferences.
- **Product Evaluation** – we review the manager’s ADV 2 Brochure, negotiate management fees

and account minimums, and perform final scoring and research.

- **Beacon Pointe Investment Committee Decision** – a careful review by key investment personnel determines if the manager qualifies for our Focus List or is moved to our ‘Manager Bench’ for later consideration.

Clients of firms acquired by Beacon Pointe may have different investment strategies and use third-party managers than those in place at the time of the acquisition. Beacon Pointe will continue to honor these arrangements for legacy clients. Typically, legacy clients are limited to holding these investments and not making additional purchases. Occasionally, Beacon Pointe will conduct a limited-scope due diligence process to approve the legacy client or the acquired office to invest in the strategy or use the investment manager and place them on our "Approved List."

## **Investing Involves Risk**

Beacon Pointe clients should understand that investing in securities involves risk of loss, and clients should be prepared to bear that risk, including the risk of your original principal. Past performance is not indicative of future results, therefore, you should not assume that future performance of any specific investment or investment strategy will be profitable. We do not provide any representation or guarantee that your goals will be achieved.

Due to the inherent risk of loss associated with investing, the Firm cannot represent, guarantee, or imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities.

Prior to entering into a managed account agreement with Beacon Pointe, the client should carefully consider all of the following:

- The clients should commit to management only those assets that the client believes will not be needed for current purposes and that can be invested on a long-term basis, usually a minimum of five to seven years,
- That volatility from investing in the stock market can occur, and
- That over time the value of client’s assets will fluctuate and at any time may be worth more or less than the amount invested.

## **Specific Security Risks**

### *General Risks of Owning Securities*

The prices of securities held in client accounts and the income they generate may decline in response to certain events taking place around the world. These include events directly involving the issuers of the securities held as underlying assets of the mutual funds in a client’s account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability and governmental or governmental agency responses to economic conditions. Finally, currency, interest rate, and commodity price fluctuations can also affect security prices and income.



## Independent Manager Strategies and Risks

The Independent Managers Beacon Pointe recommends utilize their own investment process and methods of analysis. The strategies and securities these managers invest in may have different or additional risks than those described in this brochure. For example, while Beacon Pointe does not implement investment advice using margin transactions, some Independent Managers appointed for the client utilize margin transactions in the discretionary management of client cash and securities. Use of margin can increase volatility and magnify any investment losses in a client's account. Similarly, options are utilized in certain strategies. Options are complex financial instruments and not suitable for all investors. Investing in options carries unique risks that can result in the loss of all invested principal. Clients can find more information about the strategies and related risks of the Independent Managers in **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss** in each manager's Form ADV disclosure brochure.

## Alternative Asset Classes

For those clients and portfolios, we have deemed appropriate to include alternatives, we will recommend the following alternative asset classes – commodities, real estate, private equity, and hedge funds.

Hedge funds and private equities can appear opaque as there are no high-quality established databases in existence like the public sector. This makes it more difficult to assess who is doing well and, more importantly, who is doing poorly. This obscurity makes it more essential to understand the firms with whom you are doing business and affirms the importance of a solid qualitative as well as quantitative assessment.

Unlike other alternative investments, the majority of hedge funds do not invest in private securities. Instead, they apply alternative strategies to the traditional public equity and fixed income markets. The benefits hedge funds can add to a portfolio include their return potential, lower volatility, and relatively low correlation with equities and other market-driven investments.

In the alternative investment area, historical information is very limited. While longer return series exist for some alternative strategies (such as venture capital), we feel that the data is of questionable usefulness. Using venture capital as an example, performance is very dependent on the timing of specific investments. In addition, since most venture capital investments are accounted for at cost, the asset category has an artificially low volatility of returns. A common failing of asset allocation models is their inability to distinguish if low volatility is inherent to the asset class, or if it is because the asset is infrequently valued (e.g., not exchange traded).

There are also unique manager selection issues in the alternative investment area. Although there is no shortage of managers from which to choose, few have historical track records longer than a few years. Even among more seasoned managers, it is difficult to compare performance on an "apples to apples" basis. Since the investment vehicles are generally unregulated partnerships, the methodologies used to calculate performance vary from manager to manager. Common performance reporting problems include:

- Calculating "creative" internal rates of return (IRR);
- Presenting results before the deduction of substantial fees;
- Carrying "unrealized" investments at cost for long periods;
- Ignoring the opportunity cost of holding cash while waiting for the managers to call for capital.

Because of the lack of standards in reporting performance, a meaningful comparison of managers may

only be possible if returns are recalculated using consistent assumptions and practices.

Our research professionals ask the following questions, among others, when evaluating alternative managers:

- Illiquidity – How often and under what circumstances can the client withdraw invested capital?
- Lack of transparency – Is the client comfortable investing with a manager who does not reveal their holdings or activities?
- Incentives – Are there incentives for the manager to take undue risk given the performance-based fee structure?

### Structured Notes

Beacon Pointe may recommend the use of structured notes issued by unaffiliated domestic and international banks. Structured notes are not bank deposits and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency. The terms and risks of each structured note vary materially depending on the nature and volatility of the referenced asset, the credit-worthiness of the issuer, and the maturity of the instrument, among other factors. The general risks associated with this type of investment include, but are not limited to, *non-payment risk* (payment of interest and return of principal may be reduced, in whole or in part, due to underperformance of the referenced asset); *counterparty risk* (for reasons such as bankruptcy, the issuer of the structured note may fail to pay all or a portion of the principal and interest due on the structured note); and *underperformance risk* (depending on market conditions, the structured note may underperform alternative allocations to traditional bonds, the referenced asset, or a combination of such investments). Structured notes are significantly riskier than conventional debt instruments. There is a risk of loss of some or all of the principal at maturity.

### Mutual Funds (Open-end Investment Companies)

A mutual fund is a company that pools money from many investors and invests the money in stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these investments. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. The price that investors pay for mutual fund shares is the fund's per share net asset value (NAV) plus any shareholder fees that the fund imposes at the time of purchase (such as sales loads).

The benefits of investing through mutual funds include professional management, diversification, affordability, and liquidity. Mutual funds also have features that some investors might view as disadvantages:

#### *Costs Despite Negative Returns*

Mutual funds pay operating and other expenses from fund assets regardless of how the fund performs, which are indirectly charged to all holders of the mutual fund shares. Depending on the timing of their investment, investors may also have to pay taxes on any capital gains distribution they receive. This includes instances where the fund went on to perform poorly after purchasing shares.

#### *Lack of Control*

Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades.

## *Price Uncertainty*

With a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund's NAV, which the fund might not calculate until many hours after the investor placed the order. In general, mutual funds must calculate their NAV at least once every business day, typically after the major U.S. exchanges close.

## *Exchange-Traded Funds (ETFs)*

An ETF is a type of Investment Company (usually, an open-end fund or unit investment trust) containing a basket of stocks. Typically, the objective of a passively managed ETF is to achieve returns similar to a particular market index, including sector indexes. An passively managed ETF is similar to an index fund in that it will primarily invest in securities of companies that are included in a selected market. ETFs may also be actively managed. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETFs trade throughout the day on an exchange. Like stock mutual funds, the prices of the underlying securities and the overall market can affect ETF prices. Similarly, factors affecting a particular industry segment can affect ETF prices that track that particular sector.

## *Real Estate Investment Trusts (REIT)*

Securities issued by real estate investment trusts (REITs) primarily invest in real estate or real estate-related loans. Equity REITs own real estate properties, while mortgage REITs hold construction, development and/or long-term mortgage loans. Changes in the value of the underlying property of the trusts, the creditworthiness of the issuer, property taxes, interest rates, tax laws, and regulatory requirements, such as those relating to the environment all can affect the values and liquidity of REITs. Both types of REITs are dependent upon management skill, the cash flows generated by their holdings, the real estate market in general, and the possibility of failing to qualify for any applicable pass-through tax treatment or failing to maintain any applicable exemptive status afforded under relevant laws.

## *Interval Fund Risks*

Interval funds are classified as closed-end funds but have some distinctive features that make them different. Interval funds continuously or periodically offer their shares at a price based on the fund's net asset value. However, most do not trade on a national securities exchange and instead buy back or "repurchase" shares directly from investors. Repurchases are offered periodically (often quarterly), so investors are provided with limited liquidity. Accordingly, investments in interval funds can expose investors to liquidity risk. For example, if redemption requests exceed the repurchase thresholds, the manager will limit redemptions by "gating." That risk is more significant in funds that invest in securities of companies with smaller market capitalizations, derivatives, or securities with substantial market and/or credit risk. There is no guarantee that investors can sell their shares at any given time or in the desired amount. Interval funds may offer to repurchase as low as 5% of shares in each quarter. If many investors attempt to exit their positions during market stress, the fund manager may only be able to accommodate this slowly over multiple quarters. In these instances, the fund manager may limit redemptions by "gating" the fund to allow for orderly liquidation. Because of this, it's best to consider investments in interval funds to be illiquid.

## *Private Funds*

A private fund is an investment vehicle that pools capital from a number of investors and invests in securities and other instruments. In almost all cases, a private fund is a private investment vehicle that is typically not registered under federal or state securities laws. So that private funds do not have to register

under these laws, issuers make the funds available only to certain sophisticated or accredited investors and cannot be offered or sold to the general public. Private funds are generally smaller than mutual funds because they are often limited to a small number of investors and have a more limited number of eligible investors. Many but not all private funds use leverage as part of their investment strategies. Private funds management fees typically include a base management fee along with a performance component. In many cases, the fund's managers become "partners" with their clients by making personal investments of their own assets in the fund. Most private funds offer their securities by providing an offering memorandum or private placement memorandum, known as "PPM" for short. The PPM covers important information for investors and investors should review this document carefully and should consider conducting additional due diligence before investing in the private fund.

The primary risks of private funds include the following:

1. Private funds do not sell publicly and are therefore illiquid. An investor may not be able to exit a private fund or sell its interests in the fund before the fund closes.
2. Private funds are subject to various other risks, including risks associated with the types of securities in which the private fund invests.

### Derivatives

Derivatives, including forward currency contracts, futures, options and commodity-linked derivatives and swaps, may be riskier than other types of investments because they may be more sensitive to changes in economic and market conditions, and could result in losses that significantly exceed the investor's original investment in the derivative. Many derivatives create leverage thereby causing a portfolio to be more volatile than it would have been if it had not been exposed to such derivatives. Derivatives also expose a portfolio to counterparty risk (the risk that the derivative counterparty will not fulfill its contractual obligations), including the credit risk of the derivative counterparty.

### Margin Risk

Margin trading involves interest charges and risks, including the potential to lose more than the amount deposited or the need to deposit additional collateral in a falling market. A margin transaction occurs when an investor uses borrowed assets by using other securities as collateral to purchase financial instruments. When a security is purchased using margin, any gains or losses from the financial instruments are magnified. If a client authorizes the use of margin, and margin is used by the firm in managing the client's investment portfolio, the market value of the client's account and the corresponding fee payable to the firm will generally increase, unless the accounts hold options, in which case the fee may be decreased under certain market conditions. Therefore, in addition to understanding and assuming the additional principal risk associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest, whereby the client's decision to employ margin will correspondingly increase the advisory fee payable to the firm.

### Values-based Investing, Environmental, Social and Governance "ESG"

Values-based or ESG Based Investing Risk – When directed by the client, ESG investments may be included in the client's portfolio. It is important to note that fund managers consider ESG factors to varying degrees. Not every fund incorporates ESG factors in the same manner or degree, which can cause difficulty comparing different funds. As such, there is no standard matrix or benchmark upon which ESG factors affecting performance can be compared. ESG funds may include or exclude securities based on ESG practices vs. other investment methodologies, impacting performance, fund expenses, and investment

risk. The use of ESG factors could result in selling or avoiding investments that subsequently perform well or purchasing investments that subsequently underperform. As a result, accounts that take ESG factors into account could underperform similar accounts that do not take into account ESG factors. In addition, to the extent ESG factors are taken into account when voting proxies, doing so may not always be consistent with maximizing performance of the issue or the account holding such security. We base our ESG recommendations on the information provided to us by the issuers.

## **Allocation and Planning Tools**

The modeling tools Beacon Pointe uses to create financial plans and asset allocations for clients rely on various assumptions, such as estimates of inflation, risk, economic conditions, and rates of return on security asset classes. All return assumptions use asset class returns, not returns of actual investments, and do not include fees or expenses that clients would pay if they invested in specific products.

Modeling software is only a tool used to help guide Beacon Pointe and the client in developing an appropriate plan, and we cannot guarantee that clients will achieve the results shown in the plan. Results will vary based on the information provided by the client regarding the client's assets, risk tolerance, and personal information. Changes to the program's underlying assumptions or differences in actual personal, economic, or market outcomes may result in materially different results for the client. Clients should carefully consider the assumptions and limitations of the software as disclosed on the analysis reports and should discuss the results of the plan with a qualified investment professional before making any changes in their investment or allocation program.

## **Proxy Voting**

Unless otherwise requested by a client, Beacon Pointe is responsible for voting proxies for securities held in certain clients' accounts where Beacon Pointe was responsible for selecting the investment. The appointed Independent Manager is responsible for voting proxies for securities selected by the Independent Manager that are held in clients' accounts.

For the proxies that Beacon Pointe is responsible to vote, Beacon Pointe has retained, at its expense, a third-party proxy voting service to handle the voting of proxies. The vendor provides written vote recommendations and guidelines. The third party is not affiliated with Beacon Pointe. Beacon Pointe has adopted their policy guidelines and client proxies will be voted according to their policy guidelines. Beacon Pointe believes that this vendor has developed policies and procedures that ensure that client proxies are voted in the best interest of our clients. Beacon Pointe reviews the vendor yearly. Clients may retain the authority to vote all proxies in their account, but a client may not otherwise direct Beacon Pointe's vote for particular solicitations.

In cases where proxy voting authority for an ERISA Plan's holdings rests with Beacon Pointe, such proxies will be voted in accordance with the vendor's policy guidelines unless outlined otherwise in the plan's governing documents and subject to the fiduciary responsibility standards of ERISA.

If Beacon Pointe becomes aware of any type of potential or actual conflict of interest relating to a particular proxy proposal, Beacon Pointe's Chief Compliance Officer or designee will be responsible for resolving the conflict. Beacon Pointe can resolve the conflict in a number of ways depending on the type and materiality. The method selected by Beacon Pointe will depend upon the facts and circumstances of each situation and the requirements of applicable laws.

A complete copy of Beacon Pointe's current proxy voting policies and procedures is available upon request. Clients can obtain information on how their proxies were voted by contacting Beacon Pointe at

the principal office and place of business indicated on page 1 of this form. In their request, clients should include their name and the account and security for which they are making the request.

For information regarding proxies voted by Independent Managers, clients should refer to the Independent Manager's ADV 2 Brochure.

Legacy clients of firms acquired by Beacon Pointe may have their proxies voted by the acquired firm according to the proxy voting arrangements of the acquired firm. This practice may continue temporarily following the acquisition until the proxy voting arrangement can be transitioned at the custodian by Beacon Pointe.

## **Class Actions**

A securities "class action" lawsuit is a civil suit brought by one or more individuals ("Plaintiffs") on behalf of themselves and others who have the same grievance against the issuer of a certain security. When a class action is filed, a written notice of filing and/or settlement is prepared (the "Notice"), which outlines the reasons for the lawsuit, the parameters for qualification as a member of the class and certain legal rights that need to be considered before becoming a member of the class (i.e., participating in the settlement). In addition, the Notice will contain instructions issued by the court or broker/dealers and/or other nominees (e.g. custodians) who receive the Notice and who hold the security on behalf of the owner/beneficiary, to either (1) provide the Claims Administrator (usually the attorney for the Plaintiffs) with the name and address of each such owner/beneficiary so the Claims Administrator can send the Notice directly to such owner/beneficiary, or (2) request additional copies of the Notice and send the Notice directly to the owner/beneficiary.

In cases where Beacon Pointe is responsible for filing class actions on behalf of clients, we have selected an unaffiliated third-party vendor to provide class action litigation monitoring and securities claim filing services on behalf of our clients. The vendor will monitor for class actions for which our clients may be eligible. Upon learning of any such class actions, the vendor will collect the applicable documentation, interpret the terms of each settlement, file the appropriate claim form, interact with the administrators and distribute the award to applicable clients. The vendor charges clients a contingency fee which is subtracted from the award at the time of payment. Clients can opt-out entirely or list specific companies against which claims should not be filed on their behalf. Clients may change their opt-out election at any time by notifying Beacon Pointe in writing. Because Beacon Pointe provides this service to our clients through a third-party vendor, we will not monitor class action suits or process any claim forms on clients' behalf, whether or not they opt-out of this service. If a client chooses to opt-out, the vendor also will not monitor any class action suits from which the client may be entitled to awards, and the vendor will not process any claim forms on the client's behalf. Clients who opt-out are entitled to pursue securities claims themselves.

## **ITEM 7 – CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

Beacon Pointe collects information from clients about their financial situation, goals, and risk tolerance. Our firm communicates such non-public client information with Independent Managers on a regular basis as needed to confirm that each client's current investment goals and objectives are understood. Clients are encouraged to contact Beacon Pointe whenever investment goals and objectives changes. In most cases, we will communicate such information as part of our regular investment duties. However, we will also communicate information to Independent Managers when market or economic conditions make it prudent to do so.

## ITEM 8 – CLIENT CONTACT WITH PORTFOLIO MANAGERS

Beacon Pointe has full discretion to select, change, and remove Independent Managers for the client’s account. When Beacon Pointe manages accounts directly using mutual funds or other securities, we have discretion to decide the specific security to trade, the quantity, and the timing of transactions for client accounts. Beacon Pointe is not required to contact clients before making changes to the Independent Managers or placing trades in their account. Certain securities, including private funds, require the client’s written agreement to participate in the investment. Independent Managers investing client assets will also have full discretionary authority over the portion of the client’s account they manage.

Clients will receive confirmations directly from the broker for any trades placed. Clients grant us discretionary authority in the contracts they sign with us. Clients also give us or the Independent Managers trading authority over their accounts when they sign the custodian paperwork.

However, certain client-imposed conditions limit Beacon Pointe’s discretionary authority, such as where the client places restrictions on the account investments or directs Beacon Pointe to execute transactions through specific broker-dealers.

In rare circumstances, Beacon Pointe will recommend Independent Managers and investments in mutual funds or other securities on a non-discretionary basis. In such cases, Beacon Pointe is required to get client approval before selecting or making changes to the Independent Managers or placing trades in their account. When the client approves the recommended Independent Manager, the client gives the Independent Manager trading authority over their accounts when they sign the custodian paperwork.

## ITEM 9 – ADDITIONAL INFORMATION

### **Disciplinary Information**

Beacon Pointe and our personnel seek to maintain the highest level of business professionalism, integrity, and ethics. Beacon Pointe does not have any disciplinary information to disclose.

### **Other Financial Industry Activities and Affiliations**

#### Related Insurance Agency

Beacon Pointe is a related person of Beacon Pointe Insurance Services, LLC (“BPIS”), a California licensed insurance agency. Beacon Pointe and BPIS are under joint ownership and control. Certain personnel of Beacon Pointe are also licensed insurance agents of BPIS and sell insurance products to advisory clients and then receive commissions on the sale of insurance products. The insurance commissions are separate from and in addition to any advisory fees that a client pays to Beacon Pointe for investment advisory services. A conflict of interest may arise as potential BPIS insurance sales might create an incentive to recommend products based on compensation our personnel may earn. Clients are under no obligation to act on our personnel’s insurance recommendations or to effect the transactions through BPIS or our personnel if they decide to follow the recommendations. In all cases, we fully disclose insurance commissions to the client.

#### Related Investment Adviser

Beacon Pointe is a related person of Port Street Investments, LLC (“PSI”), an SEC registered investment adviser that acts as investment adviser to a registered investment company (mutual fund). Beacon Pointe

Holdings, LLC is the majority shareholder of PSI. In some cases, Beacon Pointe recommends that

our clients invest in a fund advised by PSI. PSI receives investment management fees from the funds it manages. Due to the common ownership between Beacon Pointe and PSI, we have a conflict of interest in recommending mutual funds managed by this related firm.

### Other Related Businesses

Beacon Pointe has a related entity, Beacon Pointe GP, LLC, which acts as the general partner of certain private funds (the "Private Funds"). The Private Funds are not publicly offered or traded and are only available to "Accredited Investors" as the term is defined by Rule 501 of the Securities Act of 1933. The confidential offering memorandum and subscription agreement (the "Offering Documents") provide additional information on these standards. Prospective investors in the Private Funds receive the Offering Documents. Beacon Pointe or its related entity receives fees in connection with management services rendered to the Private Funds and therefore has an interest in recommending the Private Funds to Beacon Pointe's clients.

Beacon Pointe has a related firm, Beacon Pointe Integrated Services, LLC, which refers clients to third-party certified public accounting firms. Beacon Pointe Integrated Services does not currently receive compensation for these referrals. Beacon Pointe and our affiliates do not share information with an unaffiliated provider unless first authorized by the client. Clients are under no obligation to purchase any products or services through these accounting firms.

Other entities related to Beacon Pointe through common ownership: Beacon Pointe Captive Insurance and Beacon Pointe Investment Holdings, LLC. These entities do not currently offer products or services to Beacon Pointe's clients.

### Agents of Unaffiliated Broker-Dealer

Certain of Beacon Pointe's personnel are also licensed as registered representatives with Purshe Kaplan Sterling Investments ("PKS"), a broker-dealer member of FINRA/SIPC. Beacon Pointe is not affiliated with PKS. In their individual capacity as registered representatives, these individuals receive trailing compensation from prior sales of securities and may also receive usual and customary commissions for sales of securities through PKS. Receipt of commissions for securities sales is a conflict of interest as it gives these registered representatives an incentive to recommend investment products based on the additional compensation received. Beacon Pointe's advisory clients are not charged both advisory fees and transaction related fees on investment products that these registered representatives recommend. When client portfolios hold securities for which related registered representatives receive commissions and/or trailing 12b-1 fees Beacon Pointe does not charge advisory fees on those securities.

Certain representatives of Beacon Pointe Advisors, LLC are also Registered Representatives offering securities through APW Capital, Inc. a broker-dealer member of FINRA/SIPC. Beacon Pointe is not affiliated with APW Capital. In their individual capacity as registered representatives, these individuals receive trailing compensation from prior sales of securities and may also receive usual and customary commissions for sales of securities through APW Capital. Receipt of commissions for securities sales is a conflict of interest as it gives these registered representatives an incentive to recommend investment products based on the additional compensation received. Beacon Pointe's advisory clients are not charged both advisory fees and transaction related fees on investment products that these registered representatives recommend.



## Code of Ethics

Beacon Pointe believes that we owe clients the highest level of trust and fair dealing. As part of our fiduciary duty, we place the interests of our clients ahead of the interests of the firm and our personnel. Beacon Pointe's personnel are required to conduct themselves with integrity at all times and follow the principles and policies detailed in our Code of Ethics.

Beacon Pointe's Code of Ethics attempts to address specific conflicts of interest that either we have identified or that could likely arise. Beacon Pointe's personnel are required to follow clear guidelines from the Code of Ethics in areas such as gifts and entertainment, other business activities, and adherence to applicable federal securities laws. Additionally, individuals who make securities recommendations to clients, or who have access to nonpublic information regarding any clients' purchase or sale of securities, are subject to personal trading policies governed by the Code of Ethics (see below).

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

### Personal Trading Practices

Beacon Pointe and our personnel can purchase or sell securities for ourselves, regardless of whether the transaction would be appropriate for the client account. Beacon Pointe and our personnel can purchase or sell securities for ourselves that we also recommend to clients. This includes related securities (e.g., warrants, options, or futures). This presents a conflict of interest as we may have an incentive to take investment opportunities from clients for our own benefit, favor our personal trades over client transactions when allocating trades, or use the information about the transactions we intend to make for clients to our personal benefit by trading ahead of clients.

Our policies to address these conflicts include the following:

- Personal securities transactions will never adversely affect clients. Beacon Pointe will monitor trading activity of our personnel to confirm that the interests of clients come first, and that the trading activity complies with applicable securities laws. All securities transactions and holdings in any account of our personnel, including accounts for which the individual is considered a beneficial owner, are subject to review by Beacon Pointe.
- Day trading (buying and selling in the same security on the same business day) of any security is strictly prohibited.
- Conflicts of interest also can arise when Beacon Pointe's personnel become aware of Limited Offerings or IPOs, including private placements or offerings of interests in limited partnerships or any thinly traded securities, whether public or private. Given the inherent potential for conflict, Limited Offerings and IPOs demand extreme care. Beacon Pointe's personnel are required to obtain pre-approval from the Chief Compliance Officer or designee before trading in these types of securities.
- For the clients for which Beacon Pointe assigns a sub-adviser, Beacon Pointe's personnel does not have access to the transactions in client accounts until after the trades have been placed. Therefore, we cannot take advantage of client trades in accounts managed by sub-advisers.

## **Participation or Interest in Client Transactions**

Beacon Pointe may recommend the Private Funds, which are managed by Beacon Pointe GP, LLC, a related entity, to clients for whom Beacon Pointe believes the investment is suitable. Beacon Pointe only recommends a Private Fund to clients who satisfy the requisite income and/or net worth requirements and for whom Beacon Pointe believes the investment is appropriate based on the client's ability to accept the risk. Clients will receive the confidential offering memorandum and disclosure of known risks before investing. A conflict exists because Beacon Pointe stands to benefit from additional investments in the Private Funds. To address this conflict, when Beacon Pointe recommends a Private Fund to an advisory client and such client invests in the Private Fund, that client's Private Fund management fees will be waived.

Additionally, Beacon Pointe may recommend that its clients invest in a mutual fund advised by PSI, a related investment adviser. Due to the common ownership between Beacon Pointe and PSI, Beacon Pointe has a conflict of interest in recommending mutual funds managed by this related firm. In the event that Beacon Pointe utilizes mutual funds or investment products managed by related firms, clients will not be charged Beacon Pointe's investment management asset-based fees on the portion of the client's assets invested in the fund.

## **Review of Accounts**

### *Account Reviews*

The primary consultant/advisor assigned to the account reviews accounts. Account reviews typically consider account performance, asset allocation, and overall portfolio construction. Accounts are reviewed when requested by a client, during significant market changes, and at least annually.

Clients are encouraged to meet with Beacon Pointe on at least an annual basis to review any changes to investment objectives, account performance, and financial planning issues.

### *Account Reporting*

All Wrap Fee Program clients receive monthly reports from their custodian(s) regarding their assets showing the portfolio inventory and transactions during that period. We urge clients to carefully review such statements and compare such official custodial records to the account statements that we provide to clients. Reports we provide at the request of our clients can vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### *Financial Plan Reviews*

A Managing Director, Financial Planner or the primary consultant/advisor assigned to the account is responsible for creating and reviewing clients' financial plans, as applicable. Beacon Pointe reviews financial plans on an as needed basis upon request of the client.

## **Client Referrals and Other Compensation**

### *Benefits We Receive from Custodial Brokers*

We receive an economic benefit from Schwab in the form of the support products and services they make available to us and other independent investment advisors whose clients maintain their accounts in their

custody. We describe these benefits in our **Form ADV, Part 2A brochure** under **Item 12 – Brokerage Practices**. The availability of custodial brokers' products and services to use is not based on us giving particular investment advice, such as buying particular securities for our clients.

### Payment for Client Referrals

We have entered into numerous referral agreements whereby we pay a referral fee to Promoters, in accordance with the requirements of Rule 206(4)-1 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. All such referral fees shall be paid solely from our advisory fee and will not result in an additional charge to the client. Promoters may receive additional compensation, such as incentive trips and gratis attendance at conferences, including payment for meals, activities, airfare or accommodations. If an unaffiliated or an affiliated Promoter introduces a client to Beacon Pointe, that Promoter will disclose the nature of their relationship with Beacon Pointe at the time of the solicitation. The Promoter will provide each prospective client with a written disclosure statement disclosing the terms and conditions of the arrangement between Beacon Pointe and the Promoter, including the compensation that Beacon Pointe pays the Promoter.

We compensate eligible employees for engaging in business development activities, including referring a new client. In such cases, the referring employee receives compensation in the form of a percentage of the estimated first year net revenue for the clients they refer to Beacon Pointe.

Occasionally, we may receive indirect compensation from service providers or third-party vendors in the form of gifts, entertainment, and complimentary attendance at industry conferences, meetings, or other educational events. When this occurs, we carefully assess the value and nature of these offerings to ensure that they are reasonable and customary, and to avoid any conflicts of interest.

### Sponsorship of Corporate Events

Companies that manage securities and other assets used in Beacon Pointe accounts, such as custodians, mutual funds, and Independent Managers, may sponsor or host Beacon Pointe events, such as conferences and seminars. They may directly pay vendors or reimburse expenses incurred for hosting education, training, or other events for clients or employees. These arrangements give rise to conflicts of interest, or perceived conflicts of interest that could influence us to include or recommend products and services offered by the sponsoring companies. Beacon Pointe does not receive any financial incentive or revenue-sharing fee for recommending specific investments or Independent Managers to its clients.

## **Financial Information**

Registered investment advisers are required to provide clients with certain financial information or disclosures about the firm's financial condition. Beacon Pointe does not foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients.



## **Privacy Notice**

(as required by SEC Regulation S-P)

At Beacon Pointe Advisors, LLC, we understand that privacy is an important concern of our customers. The nature of our business requires that we collect nonpublic personal information about you. Nonpublic personal information is personally identifiable financial information including, for example, your social security number, date of birth, income, account number and balance, account transaction history, and other financial information. We collect nonpublic personal information from the following sources:

- Information we receive about you in various agreements, applications, account opening documentation, and other forms and paperwork that pertains to your relationship with us,
- Information about your transactions with us and our service providers, or others,
- Information that you give us orally.

All financial companies need to share customers' personal information to run their everyday business. We disclose nonpublic personal information to our affiliated firms and to nonaffiliated third parties (including, but not limited to, our consultants, custodians, money managers, brokers, customer relationship management and financial planning software providers) as required or permitted by law and as needed to fulfill our compliance obligations and/or for us to best provide those products and services that we have agreed to provide to you.

We restrict access to your personal and account information to those employees who need to know that information in order to provide products and services to you. We maintain physical, electronic, and procedural safeguards to protect your nonpublic information.

The privacy policies and practices described in this notice will be maintained in the event you become an inactive customer or decide to close your account.

If, at any time in the future, it is necessary to disclose any of your personal information in a way that differs with this policy, we will give you advance notice of the proposed change and an opportunity to decline such disclosure.

Beacon Pointe Advisors is committed to protecting the confidentiality of your personal information. Let us know if you have any questions by contacting us at (949) 718-1600.