



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

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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

The purpose of this page is to inform you of the material changes made to our brochure since the previous annual update. The last annual update was March 31, 2025. There have been no material changes since that filing.

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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 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 during 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

## **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 and interval funds managed by Beacon Pointe or 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. Beacon Pointe receives a management fee for our services as the adviser to the BPMAX interval fund. However, the advisory fee is waived for clients of Beacon Pointe.

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***.

In certain limited circumstances, Beacon Pointe also receives advisory compensation from unaffiliated third-party firms for providing advisory services related to assets that are held-away from Beacon Pointe, including legacy commission-based annuity assets, as described in Item 10 of Beacon Pointe's Form ADV Part 2A disclosure brochure. Clients participating in the Wrap Fee Program are not charged an additional advisory fee by Beacon Pointe on such assets. These arrangements may create a potential conflict of interest, which Beacon Pointe addresses through its fiduciary obligations, supervision, and policies designed to ensure advice is provided in the client's best interest.

## **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 each client's needs, circumstances, priorities. 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
- 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 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” for selecting managers. To be included managers must complete our due diligence process, which involves the step outlined below. This process applies to all types of investments, including active, passive, and alternative investments. While there is overlap, not all steps apply to passive and alternative investments.

- **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** – our assessment typically includes discussions regarding specific portfolio holdings, holdings-based style analysis (when available), 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 2A 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 continue to use their existing managers. We honor these arrangements for legacy clients who are typically limited to holding these investments without making new purchases. Occasionally, we conduct a limited-scope due diligence process to approve the legacy client or office to invest in the strategy or use the manager and place them on our "Approved List."

### **Investing Involves Risk**

All 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,
- Volatility from investing in the stock market can occur, and
- 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—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 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. A passively managed ETF is like 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 private funds. 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 consider 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.

### 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.

## **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 ("vendor") 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 the vendor's policy guidelines and client proxies will be voted on according to these 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.

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 change. 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.

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.

### BPMAX Fund

Beacon Pointe serves as the investment adviser to the BPMAX Fund. We have an active interest in this Fund. BPMAX is a continuously offered, non-diversified, closed-end interval fund registered under the Investment Company Act of 1940 (the “1940 Act”). The Fund pursues its investment objective by strategically investing in a portfolio of closed-end interval funds (“Underlying Funds”) that invest in various asset classes.

The Fund has retained Beacon Pointe as its investment adviser, and subject to the supervision of the Fund Trust's Board of Trustees, we provide a continuous program of supervision for the Fund's assets. In addition, Beacon Pointe will supervise and provide oversight of the Fund's service providers, and furnish the Fund office facilities, equipment, and personnel for servicing the management of the Fund. Under our advisory agreement with the Fund, Beacon Pointe is entitled to compensation for our management services, a monthly management fee based on the fund's daily average net assets at the following annual rate: 0.95%

Certain principals of our firm are officers of the Fund. Additionally, our retirement plans as well as our employees may be shareholders in the Fund. We may recommend that current and prospective clients invest in the Fund instead of investing in an independently managed account. This creates a conflict that we believe is mitigated because BPA clients may choose another Fund at their discretion. In addition, Beacon Pointe does not charge an additional advisory fee to clients for assets invested in the BPMAX Fund.

### 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 either 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 always conduct themselves with integrity 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 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 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 Private Funds

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.

### Beacon Pointe Interval Fund

Beacon Pointe may recommend that its clients invest in the BPMAX Fund, a closed-end interval fund registered under the Investment Company Act of 1940 (the “1940 Act”), if we believe the investment is suitable for the clients. Beacon Pointe serves as the investment adviser to the BPMAX Fund.

As the investment adviser to the Fund, Beacon Pointe receives a monthly management fee at the annual rate of 0.95% of the Fund’s daily net assets for the services it provides to the Fund.

This arrangement creates a potential conflict of interest, as Beacon Pointe has a financial incentive to recommend investments in the Fund. To mitigate this conflict, Beacon Pointe does not charge an additional advisory fee to clients for assets invested in the BPMAX Fund. Instead, clients will incur only the management fee charged at the fund level.

It is important to note that the Fund’s management fee may sometimes be higher or lower than the advisory fee clients might otherwise pay to Beacon Pointe for non-fund assets. This means that depending on the fee structure, clients may end up paying more or less by investing in BPMAX than they would if their assets were managed outside the Fund.

Clients should carefully review the Fund’s prospectus, particularly the fees and expenses associated with an investment in BPMAX and consider their overall investment objectives and financial situation when determining whether an investment in the Fund is appropriate.

### Port Street Investments, LLC

Additionally, Beacon Pointe may recommend that its clients invest in a mutual fund advised by Port Street Investments, LLC (“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 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 by 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 accommodation. 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. This creates an incentive for employees to refer prospective clients to our firm; however, our fiduciary duty requires that we recommend our services only when we believe they are appropriate for the client.

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.

#### Interval Fund

As the Adviser to the BPMAX Fund, BPA may enter into arrangements with broker-dealers and

other financial institutions, including banks and insurance companies, to provide services to the Fund or its shareholders, such as administrative services, shareholder sub-accounting services, and sales and marketing-related services and activities. These organizations may be compensated for such services by BPA, the Fund, or both, as described in the Fund's prospectus and Statement of Additional Information. These arrangements create a conflict of interest because they may provide these organizations with a financial incentive to recommend or maintain investments in BPMAX.

These arrangements may include:

- Administrative services,
- Shareholder sub-accounting services
- Sales and marketing-related services and activities.

### *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 the appearance of 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.