



## Item 1: Introduction

Blacktower Financial Management (US) LLC is registered with the Securities and Exchange Commission (SEC) as an investment adviser. Investment advisory services and fees differ, and it is important you understand these differences. The SEC provides free and simple tools available to research firms and financial professionals and educational information at [www.Investor.gov/CRS](http://www.Investor.gov/CRS).

## Item 2: Relationship and Services: What investment services and advice can you provide me?

- Asset management services using various investment products including mutual funds, exchange traded funds, stocks, bonds, and third-party managers. Portfolios can be customized or based on model portfolios.
- United Kingdom (UK) pension transfer review, financial planning, and consulting services.
- There are no restrictions or limitations on the types of securities used in managed accounts. We monitor your account on a continuous and ongoing basis. Our services are appropriate for all types of individuals and small businesses. We do not have minimum requirements to utilize our services. However, some third-party managers and model managed accounts have minimum account size requirements.

❖ *For additional information*, please see Form ADV Part 2A Items 4, 7, 8 and 16 ([ADV Part 2A](#)).

**Conversation Starters.** Ask your financial professional -

- Given my financial situation, should I choose an investment advisory service? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?

## Item 3: Fees, Costs, Conflicts, and Standard of Conduct: What Fees will I pay?

**You will pay fees and costs whether you make or lose money on your investments. Fees and costs affect the value of your account over time. Please ask your financial professional to give you personalized information on the fees and costs that you will pay.**

The asset-based fee reduces the value of your account and is deducted from your account. Asset management services are charged a percentage fee based on the value of your account (asset-based fee). UK pension transfer consulting services incur a percentage fee based on transfer value. Financial planning services incur a fixed agreed upon fee. Fees are charged quarterly or monthly depending on the services and platform. Our fees vary and are negotiable. The amount you pay will depend on the financial professional you have selected, program in which you participate, services you receive and the amount of assets in your account.

The more assets you have in the advisory account, including cash, the more you will pay us (i.e. fees are based on account value and/or transfer value). We therefore have an incentive to increase the assets in your account in order to increase our fees. You pay our fee even if you do not buy or sell and whether your account increases or decreases. Your financial professional has a direct interest in the fees charged to you and therefore has an incentive to maximize your fee.

**Description of other fees and costs.** You will pay transaction fees when we buy and sell investments for you and fees to the custodian holding your assets. The most common categories of fees applicable to your account include costs for: custodian, manager or platform, account setup, transfer and maintenance, fees related to mutual funds, and other transactional and product-level fees assessed by products. Some investments (such as mutual funds and alternative investments) impose additional fees that will reduce the value of your investment over time. Additionally, UK pension assets will incur fees for trustee, platform, and UK advisor if a defined benefit plan.



- ❖ **For additional information:** You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand the fees and costs you are paying. Please see Form ADV Part 2A Item 5, 8, 10, and 14 ([ADV Part 2A](#)).

**Conversation Starter:** Ask your financial professional -

- Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

**Standard of Conduct. When we act as your investment adviser,** we must act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates conflicts with your interests. You should understand and ask us about these conflicts because they affect the investment advice we provide you. Here are some examples to help you understand what this means.

- Fees are directly tied to the value of your account
- Incentive to take more risk to increase your account
- Your Financial Professional earns a portion of fees
- We earn compensation if you transfer your assets

**Conversation Starter.** Ask your financial professional -

- How might your conflicts of interest affect me, and how will you address them?

- ❖ **For additional information:** Please see Form ADV Part 2A Item 4, 5, 8, 11, 12 and 14 ([ADV Part 2A](#)).

## How do your financial professionals make money?

Our financial professionals have a direct interest in the fees charged to you and receive a portion of the advisory fees we collect from your account. Their compensation increases as assets under their management increases. They have an interest in offering you more products and services and maximizing their fees.

## Item 4: Disciplinary History: Do you or your financial professionals have legal or disciplinary history?

Refer to your financial professional's Form ADV Part 2B for more details on these and other topics. Additionally, you can call or email us at [info@blacktowerfm.com](mailto:info@blacktowerfm.com) or 212-520-0062 to request a Part 2B. A free and simple search tool to research us and our financial professionals is available at <https://adviserinfo.sec.gov>.

**Conversation Starter.** Ask your financial professional -

- As a financial professional, do you have any disciplinary history? For what type of conduct?

## Item 5: Additional Information

- ❖ **For additional information about our services,** please see Form ADV Part 2A ([ADV Part 2A](#)) or find our Form ADV on [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

If you would like additional, up-to-date information or a copy of this disclosure, please visit [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), our website at [www.blacktowerus.com](http://www.blacktowerus.com), or call 212\*520-0062 to request up-to-date information and a copy of Form CRS.

**Conversation Starter.** Ask your financial professional -

- Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer?
- Who can I talk to if I have concerns about how this person is treating me?



**BLACKTOWER**  
FINANCIAL MANAGEMENT (US) LLC

**Form ADV Part 2A  
Disclosure Brochure**

**4700 Millenia Boulevard, Suite 175  
Orlando, FL 32839 USA  
407-362-7753**

Last Updated: March 29, 2024

This brochure provides information about the qualifications and business practices of Blacktower Financial Management (US) LLC. If you have any questions about the contents of this brochure, please visit our website at [www.blacktowerus.com](http://www.blacktowerus.com) or contact us at [info@blacktowerfm.com](mailto:info@blacktowerfm.com) or 407-362-7753. 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.

Blacktower Financial Management (US) LLC is a registered investment adviser with the Securities and Exchange Commission (SEC). SEC File # 801-111088. Registration of an investment adviser does not imply any level of skill or training. Additional information about Blacktower Financial Management (US) LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2: Material Changes

The following outlines the material changes to this Form ADV Part 2 since the last annual updating amendment.

Material changes relate to Blacktower Financial Management (US) LLC's policies, practices or conflicts of interests only.

You may request a copy of our current Brochure at any time, which will be provided to you free of charge. If you would like to request a copy of Blacktower Financial Management (US) LLCs current Disclosure Brochure, please contact the Chief Compliance Officer at 407-362-7753 or [dawn.bond@blacktowerus.com](mailto:dawn.bond@blacktowerus.com).

Annual Amendment dated March 29, 2024

Item 4.B.i. Pension Plan Investment Services – Disclosure added to inform that holding US funds or other securities in your UK pension will likely result in a 30% tax withholding that you may not be able to recoup. Please speak to a tax advisor for guidance related to tax matters.

Item 4.B ii Asset Management Services – Added disclosure explaining the edition of a third-party US asset management program sponsored by Advisors Capital Management (ACM).

Item 4.B.v Retirement Plan Consulting – Disclosure added for a new service offered by Blacktower Financial Management US LLC.

Item 4.E. Non-discretionary assets under management were updated as of December 31, 2023, to \$183,238,000.

Item 5.A Pension Plan Investment Services – Under the heading “Additional Fees and Costs” added clarifying disclosure stating total advisory and management fees can total 5% the first year and over 2% thereafter.

Item 5.B US Based Asset Management Fees – Disclosure added to outline the fees when using the third-party manager platform, Advisors Capital Management (ACM).

Item 5.D Financial Planning and Consulting Services – Disclosure added to state flat fees are charged and will not exceed \$5,000.

Item 5.E Retirement Plan Consulting – Fee schedule added for the new service.

Item 7 – Disclosure added to clarify services are expanded to US persons, US connected Persons as well as UK expatriates.

Item 10 Disclosure added about the licensed insurance agency, Blacktower Insurance Services, LLC. Blacktower Insurance Services offers life insurance and fixed annuity products through certain insurance agents who are also advisory representatives. Commissions will be received and those commissions are considered high compared to other products and services offered. A conflict of interest exists to sell insurance products because commissions are received. It is important to read the full disclosure under Item 10.

Item 12 – Disclosure added for Charles Schwab & Co., Inc., another custodian relationship maintained by Blacktower Financial Management US LLC. It is important to read the full disclosures under Item 12 regarding relationships with various custodians.

Additionally, under the heading “Client Directed Solutions”, disclosure added to explain we reserve the option of declining to provide you services if we are not able to obtain all information needed or we do not believe the provider is in your best interest.

Item 14.A – Economic Benefits from Third Parties – Disclosure added to inform we enter into referral arrangements with other companies such as currency exchange vendors to offer services to our clients. In return, those firms will pay a referral fee to us. This is a conflict of interest for us to only refer our clients to those vendors who compensate us. To mitigate this conflict of interest we are informing you we have referral arrangements with Currencies Direct. You are not obligated to use the services of any vendor with whom we have a referral relationship and you are free to seek the services of any vendor to meet your needs.

Item 16 – Disclosure amended to clarify discretionary authority is not exercised.

## Item 3: Table of Contents

<b>Item 1: Cover Page</b> .....	<b>1</b>
<b>Item 2: Material Changes</b> .....	<b>2</b>
<b>Item 3: Table of Contents</b> .....	<b>4</b>
<b>Item 4: Advisory Business</b> .....	<b>6</b>
A. The Firm and Principal Owners.....	6
B. Types of Services Offered.....	6
i. <b>Pension Plan Investment Services</b> .....	6
ii. <b>Asset Management Services</b> .....	8
iii. <b>Other Solutions</b> .....	11
iv. <b>Financial Planning and Consulting Services</b> .....	11
v. <b>Retirement Plan Consulting</b> .....	12
C. Level of Services Provided to Clients .....	12
D. Portfolio Management Services to Wrap Fee Programs .....	12
E. Assets Under Management.....	13
<b>Item 5: Fees and Compensation</b> .....	<b>13</b>
A. Pension Plan Investment Services.....	14
B. US Based Asset Management Fees .....	17
C. Additional Fees and Expenses.....	18
D. Financial Planning and Consulting Services.....	19
E. Retirement Plan Consulting.....	19
F. Termination of Services.....	19
<b>Item 6: Performance-Based Fees and Side-By-Side Management</b> .....	<b>20</b>
<b>Item 7: Types of Clients</b> .....	<b>20</b>
<b>Item 8: Methods of Analysis, Investment Strategies and Risk of Loss</b> .....	<b>20</b>
A. Method of Analysis and Investment Strategy .....	20
B. Material Risks Involved for the Investment Strategy .....	21
C. Material Risks Associated with Certain Securities Investment Funds and Programs:	
23	
<b>Item 9: Disciplinary Information</b> .....	<b>24</b>
<b>Item 10: Other Financial Industry Activities and Affiliations</b> .....	<b>25</b>

A. Registered Broker-Dealers .....	25
B. Registered Futures Commission Merchant, Commodity Pool Operator, and Commodity Trading Advisor .....	25
C. Material Relationships with Related Persons and Conflicts of Interest from Relationships with Related Persons .....	25
<b>Item 11: Code of Ethics, Participation or Interest in Client Transactions &amp; Personal Trading.....</b>	<b>26</b>
A. Summary of Code of Ethics .....	26
B. Recommending Securities in Which We Hold a Financial Interest.....	27
C. Blacktower Employees Investing in the Same Securities as Clients.....	27
<b>Item 12: Investment Platform Practices .....</b>	<b>27</b>
A. Criteria for Investment Platform Selection and Reasonableness of Compensation.....	28
i. <b>Selection of Investment Platform</b> .....	28
ii. <b>Products and Services Available to Us from Investment Platform Provider</b> .....	29
iii. <b>Conflicts of Interest Arising from Investment Platform Provider Arrangements</b> .....	30
iv. <b>Other Conflicts</b> .....	30
v. <b>Client Directed Solutions</b> .....	31
<b>Item 13: Review of Accounts .....</b>	<b>31</b>
A. Periodic Review of Client Accounts.....	31
B. Review of Client Accounts on Other Than Periodic Basis.....	31
C. Content and Frequency of Client Reports .....	31
<b>Item 14: Client Referrals and Other Compensation .....</b>	<b>32</b>
A. Economic Benefits from Third Parties.....	32
B. Compensation to Third Parties for Referrals .....	32
<b>Item 15: Custody .....</b>	<b>33</b>
<b>Item 16: Investment Discretion .....</b>	<b>34</b>
<b>Item 17: Proxy Voting .....</b>	<b>34</b>
<b>Item 18: Financial Information .....</b>	<b>34</b>
<b>Blacktower Financial Management (US) LLC Privacy Policy .....</b>	<b>35</b>

## Item 4: Advisory Business

### A. The Firm and Principal Owners

Blacktower Financial Management (US) LLC provides financial planning and money management services primarily to individuals and high net worth individuals. Our history in the financial services arena dates back to 1986 - when the founding Company Blacktower Financial Management Ltd was established. Following this, our international footprint commenced in 2003 when Blacktower Financial Management (International) Limited was formed to provide services to expatriates throughout the EU.

Blacktower Financial Management (US) LLC is owned by BFM Administrative Services LTD., which is wholly owned by John Westwood and Lyndsay Westwood.

Blacktower Financial Management (US) LLC is an investment adviser that consists of many independent contractors who have affiliated with us as Advisory Representatives to offer the advisory services and programs described within this brochure.

Advisory Representatives have a direct interest in the fee charged to you since we will pay a portion of the advisory fee charged to you to your Advisory Representative. It is important to refer to Item 5 – Fees and Compensation below. Our Advisory Representatives cannot exceed the fee disclosed under Item 5 below. However, the negotiability and the fee that you will pay for advisory services is determined between you and your Advisory Representative. Therefore, another Advisory Representative will charge more or less for the same services.

### B. Types of Services Offered

We primarily offer investment advisory services to UK expatriates with residency in the United States of America. We also work with US citizens seeking financial planning and investment advisory services as well as US expatriates who have US retirement accounts and provide asset management services. In addition, and, to the extent specifically requested by the client, Blacktower also provides financial planning and consulting services.

We offer the following investment programs to clients. Please see Item 8 below for additional information on the investment programs and material risks.

#### i. **Pension Plan Investment Services**

We work with UK expatriates to transfer their existing pension scheme(s) from former employers into a self-directed retirement plan in a tax compliant structure. Currently, the structure most commonly used is a Self-Invested Personal Pension ("SIPP"), which is a regulated pension product in the United Kingdom. The assets of the structure are then invested through an investment platform (the "Investment Platform Provider"). All funds are custodied with the pension provider or the investment platform and not with Blacktower Financial Management (US) LLC.



The process of transferring a UK defined benefit or contribution plan is a complex and lengthy process with many layers of fees as further described below in Item 5. Defined benefit transfers will require you to engage a UK advisor to review your situation and you will be required to engage in an educational session to help you understand your options and determine if a transfer is right for you.

The assets are then managed by the appointed financial advisor on a non-discretionary basis.

In addition, the Firm also provides portfolio management services to individuals who have legacy Qualified Retirement Overseas Pensions ("QROPs").

Pension assets are held by a regulated pension trustee (authorized by the relevant financial services regulator where the pension plan is held) and subject to the terms and conditions of a separate agreement between the client and the pension trustee.

Assets managed within a life bond platform such as: Quilter or RL360 or on an investment platform such as: Novia, Arden or MorningStar. Clients are encouraged to review the agreement between the client and the pension trustee and other disclosure materials (such as Key Features documents) provided by the pension trustee and the investment manager for a full understanding of the services provided and any associated costs therein. Refer to Item 5 below for an overview of the costs.

We provide ongoing management of your pension assets in the QROPs or SIPP. Our advisors will create an investment allocation, which can include the use of a discretionary fund manager to manage some or all of the assets, and present the recommendation to you for approval. Use of a discretionary fund manager will add additional costs which are outlined below in item 5.

One of the discretionary fund managers available is Nexus Portfolio Management Limited (NPML). One of our indirect owners of Blacktower Financial Management US (John Westwood) is a director and has a minority ownership in NPML. **This is a conflict of interest since there is a benefit to the aforementioned indirect owner to utilize the portfolios of NPML. Clients are under no obligation to authorize or approve the use of NPML and are informed there are additional fees for using NPML or any discretionary fund manager or model management strategy.**

Clients will receive a written assessment or a reason why letter or report outlining why a pension transfer should or should not be considered. **It is important clients considering transferring their UK pension review consumer information provided at <https://www.fca.org.uk/consumers>. There are advantages and disadvantages to transferring a UK pension as well as costs. A pension transfer is not appropriate for all individuals. When making a transfer, you will be giving up certain guarantees offered by the pension.**

Valuation statements are generally made available to clients on an annual basis (unless requested more frequently) by the selected platform or bond provider. Valuation statements can also be seen online as made available by the platform, as a feature of most of the custodians' platforms. Online access will vary by provider.

We do not provide tax advice including, without limitation, in relation to any US tax reporting requirements and/or other tax implications arising in relation to clients' pension transfers. We recommend you seek your own tax advice, including in relation to procedures under tax treaties between the United States and the UK (or other applicable jurisdiction) for the avoidance of double taxation on their UK/EU pension arrangements. Further, holding US funds or other securities in your UK pension will likely result in a 30% tax withholding that you may not be able to recoup. Please speak to a tax advisor for guidance related to tax matters.

## ii. **Asset Management Services**

We provide asset management services to US residents and US connected persons US based assets on a continuous and ongoing basis. Your advisor will gather information about you and create a portfolio allocation and make transactions as deemed appropriate for the client based on investment objectives and the client's risk profile.

We provide continuous and ongoing management services.

From time to time, we will actively trade securities and hold such holdings for periods of 30 days or less or maintain positions for longer- or shorter-term periods at the discretion of your Advisory Representative and as determined in your best interest.

The level of management authority (discretionary or nondiscretionary) is provided in the advisory agreement you execute between you and us. For additional information about discretionary authorization, please refer to Item 16 – Investment Discretion below.

We primarily use exchange traded funds, open-ended mutual funds (no-load and load waived mutual funds), and individual equities and fixed income securities. Load waived mutual funds will include institutional shares or mutual funds purchased at net asset value (NAV). Mutual funds purchased at NAV will have higher internal expenses and will cost the client more. It is important to note the account custodians do not provide us with accessibility to the lowest cost share class in all situations. Therefore, the mutual fund share classes of some funds are more expensive than another share class. Managed accounts are not exclusively limited to the aforementioned types of securities and include other securities such as alternative investments, options, and other securities deemed suitable for your portfolio by the Advisory Representative.

### Third Party Managers

We utilize the professional management services of third-party managers, discretionary fund managers, and model managed portfolios.

Nexus Portfolio Management Limited (NPML): We have a relationship with Nexus Portfolio Management Limited (NPML) to assist us with designing model portfolios for managing our clients' US based portfolios. One of our indirect

owners of Blacktower Financial Management US (John Westwood) is a director and has a minority ownership in NPML. **This is a conflict of interest since there is a benefit to the aforementioned indirect owners to engage the services NPML to create model portfolios since NPML will receive compensation based on the assets placed in the model portfolios. Clients are under no obligation to authorize or approve of the use of model portfolios and are informed there are additional fees for using one of our model portfolios.**

Advisors Capital Management (ACM): We have entered into an agreement with ACM to utilize their model portfolios and engage them to provide management services. ACM provides management services to accounts maintained at Charles Schwab and Fidelity on US based assets.

Transactions in the account, account reallocations and rebalancing often trigger a taxable event, with the exception of IRA accounts, 403(b) accounts and other qualified retirement accounts.

### **IRA Rollover Considerations**

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

As part of our consulting and advisory services, we offer you recommendations and advice concerning your employer retirement plan or other qualified retirement account. Our recommendations can include you consider withdrawing the assets from your employer's retirement plan or other qualified retirement account and roll the assets over to an individual retirement account ("IRA"). Further, we offer our management services to those funds and securities rolled into an IRA or other account for which we will receive compensation. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as described above under Item 5. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation. You are under no obligation, contractually or otherwise, to complete the rollover. Furthermore, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by us.

It is important for you to understand that many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of each.

You will typically have four options:

1. Leave the funds in your employer's (former employer's) plan.

2. Move the funds to a new employer's retirement plan.
3. Cash out and taking a taxable distribution from the plan.
4. Roll the funds into an IRA rollover account.

Each of these options has advantages and disadvantages. Before making a change, we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage it is important you understand the following:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans often have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the costs of those products and services.
  - c. It is likely you will not be charged a management fee and will not receive ongoing asset management services unless you elect to have such services. In the event your plan offers asset management or model management, there may be a fee associated with the services that is more or less than our asset management fee.
3. Our strategy can have higher risk than the option(s) provided to you in your plan.
4. Your current plan may offer financial advice, guidance, and/or model management or portfolio options at no additional cost.
5. If you keep your assets titled in a 401k or retirement account, you could delay your required minimum distribution beyond age 73 (as of January 1, 2023). (You must take your first required minimum distribution for the year in which you turn age 73 as of any date after December 31, 2022, or if you turn 72 before January 1, 2023; or if you reach 70 ½ before January 1, 2020).
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.

- a. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.

### **iii. Other Solutions**

Blacktower Financial Management (US) LLC can also provide advice and support on a number of 'holistic' financial planning needs. These can include, but are not limited to, life and critical illness cover, health insurance and regular savings plans.

### **iv. Financial Planning and Consulting Services**

We offer financial planning and/ or consulting services (including investment and non-investment related matters, estate planning, tax planning, insurance planning, and assistance regarding major financial decisions, development of cash flow forecasts, etc.) on a stand-alone separate fee basis. Our planning and consulting fees are negotiable depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Implementation of the recommendations is at the client's discretion and is the client's responsibility.

Depending on the service, your advisory representative uses financial planning software to assist with determining your current financial position and define and quantify long term goals and objectives. The financial planning software will run hypothetical scenarios based on variables to assist you to determine a course of action. In no way can any program or software predict future results. It is a tool to enable analysis based on historical information to review possibilities that could occur if historical events repeat.

Plans are based on your financial situation at the time and are based on financial information disclosed by you. You are advised certain assumptions are made with respect to interest and inflation rates and use of past trends and performance of the market and economy. However, past performance is in no way an indication

of future performance. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Further, it is important you continue to review the plan and update the plan based upon changes in your financial situation, goals, or objectives or changes in the economy. Should your financial situation or investment goals or objectives change, you must notify us promptly of the changes. You are advised the advice offered by us is limited and is not meant to be comprehensive. Therefore, you should consider seeking the services of other professionals such as an insurance adviser, attorney and/or accountant.

You are not obligated to implement advice through us. Should you implement the plan, other compensation will be received in addition to the advisory fee paid to us if the products are purchased through the Advisory Representative acting in the capacity as an insurance agent. The receipt of commissions is a conflict of interest.

**v. Retirement Plan Consulting**

We provide retirement plan consulting services to plan sponsors but do not participate in the final decisions regarding the investments of the plan. We do not accept discretionary authority or responsibility of selecting the investments offered in the plan. We provide the following services to plan sponsors:

- Assist in drafting the plan's investment policy statement (IPS) as well as review and provide recommendations for revisions. Monitoring and recommending investments and revisions to the investment line-up offered by the plan.
- Participate in periodic review meetings with the plan sponsor's investment committee.
- Participate in participant enrollment meetings.

**C. Level of Services Provided to Clients**

We tailor our advisory services to the individual needs of our clients. Our advisory representatives discuss and advise clients on the types of investments and investment strategies based upon their financial situation, risk profile and financial goals. This process requires our advisory representatives to collect information about clients through personal interviews and completion of client profile forms. We then place most clients in an appropriate established portfolio strategy. However, we may customize the strategies based upon the particular circumstances of the client. Clients are permitted to impose reasonable investment restrictions on investing in certain securities or types of securities.

Investment recommendations and advice are not legal advice or accounting advice. You should coordinate and discuss the impact of financial advice with your attorney and/or accountant. You are advised that it is necessary to inform us promptly with respect to any changes in your financial situation and investment goals and objectives. Failure to notify us of any such changes could result in investment recommendations not meeting your needs.

**D. Portfolio Management Services to Wrap Fee Programs**

We do not provide portfolio management services for wrap fee programs.

#### **E. Assets Under Management**

BFM US LLC manages clients' assets on a non-discretionary basis.

As of December 31, 2023, our non-discretionary regulatory assets under management are \$183,238,000.

### **Item 5: Fees and Compensation**

**Your Advisory Representative has a direct interest in the fee charged to you since we will pay a portion of the advisory fee charged to you to your Advisory Representative. While no Advisory Representative can exceed the fees schedules outlined below, each Advisory Representative can negotiate and charge an advisory fee based on the fee schedules below. The amount of the fee is not commensurate with education or tenure in the industry. Therefore, there is another Advisory Representative who charges more or less than the fee you are being charged for similar services.**

The advice provided by Advisory Representatives often involves recommendations to invest assets according to an asset allocation primarily involving mutual funds, UCITs (UK pensions accounts), exchange traded funds, stocks, bonds, alternative products and other types of securities. Recommendations include investing in various share classes. Different share classes of securities involve different fee structures and internal costs. Institutional shares are often the least expensive from an internal cost perspective; however, the transaction fees can be higher. It is important you understand the internal cost structure of the various share classes. Additional information about costs and the various share classes can be found in the prospectus.

Mutual funds and UCITs offer the securities in various share classes. Different share classes are priced differently and share classes other than institutional share classes will involve higher internal costs that over time will cost you more. Institutional share classes often have higher trading costs. A client needs to consider the amount being invested and the length of anticipated holding to make a decision as to the share class most suitable to the client. Representatives will select the lowest share class funds available and appropriate to the situation. However, in selecting the lowest share class, trading costs are sometimes higher. Selecting the lowest share class appropriate to the situation does not imply the lowest cost share class. Instead, your Advisory Representative will select what they deem lowest cost for the situation. Representatives consider the anticipated holding period, cost structure, and administrative and transaction costs associated with selecting a share class. However, there is no way to predict the future and there could be occasions where a holding is liquidated sooner or held longer resulting in higher costs to the client. Additional information about share classes can be found in an Investor Alert issued by the Securities and Exchange Commission at <https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-bulletin-mutual-fund-classes> and

<https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-bulletin-mutual-fund-classes>. Additionally, the SEC and FINRA provides investor information at [www.sec.gov](http://www.sec.gov) and [www.finra.org](http://www.finra.org).

It is important to note that institutional share classes for UK pension assets are often not available unless the client meets the minimum investment amount, which is often high.

The following fees for advisory services are negotiable. Fees are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds.

#### **A. Pension Plan Investment Services**

There are multiple fees clients will pay when electing to transfer a U.K. pension to a Self-Invested Personal Pension (“SIPP”) or Qualifying Recognised Overseas Pension Scheme (“QROPS”) including:

- FCA required suitability report costs (required for defined benefit transfers)
- Initial planning and analysis fee
- Ongoing asset management fees
- Discretionary fund manager fees
- Investment platform, custodian, and trustee fees, and transaction and dealing fees.

Clients will pay an initial fee covering time and services for analysis and planning, advice, consultation, and review and establishment of a SIPP, QROPS, or another applicable plan. The initial fee is deducted directly from the value of the assets transferred, unless directly paid by the client. The fee is a contingent fee, meaning client will only pay the fee if the client elects to transfer their pension. This is a conflict of interest because there is an incentive to recommend a transfer in order to receive compensation. To mitigate this conflict of interest this disclosure is provided, and clients should discuss the transfer with another professional. The fee is a percentage fee based on the value of the pension assets to be transferred as further described below.

**In addition to the initial fee, if the client has a defined benefit plan the client will pay a fee to a U.K. qualified Advisor to prepare the U.K. suitability report, which can be £5,000 or more, depending on the UK Advisor, the value of UK pension assets, and the time frame the report is needed.** The fee is paid direct to the UK Advisor for the report and is not determined or set by the US or shared with US or its advisory representatives. UK pension transfers with safeguarded benefits in excess of £30,000 are subject to review and analysis by a UK regulated adviser, unaffiliated with us. The suitability report fee is charged to the client and is an added cost incurred by the client, whether or not the client decides to move forward with the pension transfer. The cost of the suitability report will be invoiced to the client or will be deducted directly from the pension asset once the transfer to the SIPP has been completed. In certain circumstances your Advisory Representative can agree to cover the cost of the report fee on your behalf and you will reimburse us for the fee contingent on your pension transferring and out of the transferred assets. This is a conflict of interest for your Advisory Representative to encourage a pension transfer in order to be reimbursed for the direct cost incurred. To mitigate this conflict of interest this disclosure is provided. It is important to understand the costs before beginning the process of obtaining the report. Typically, U.K. qualified Advisors will advise against a transfer and will outline in their report their opinions. Regardless of the outcome, you will be subject to the report fee.



After pension assets are transferred, the client will pay an ongoing annual fee for monitoring, advice, consultation, and management on the investments and allocation of assets. Fees are negotiable and will be determined based on several factors including size of the pension assets, services being provided to the client, complexity of the situation, and consultations.

**Initial Fee:**

- Maximum fee will not exceed **3%**.
- The initial fee will be due either:
  - 1) in full upon the decision to transfer assets and funds to a SIPP and QROPS; or
  - 2) paid through the purchase of an insurance bond or bond wrapper whereby we and your advisory representative will be paid compensation. The compensation is in replacement of the initial fee but will cost you more over a period of time. By purchasing a bond or investment wrapper you will be paying an internal cost for the wrapper which is paid over a period of years as agreed by you, but not to exceed ten years in addition to other costs and expenses for the bond. Therefore, there are added costs directly incurred by you for purchasing the bond rather than paying the entire fee upon transfer of the pension assets. Electing to purchase the bond and incurring additional costs will enable you to invest a larger portion of your transferred pension assets versus the initial fee depleting the initial transferred value. However, the added cost will directly impact the performance of investment return of your SIPP account over time. It is important for clients to understand a bond purchase will increase the costs over time. There is no guarantee that the purchase of a bond wrapper will result in better or worse performance over time. Further, early termination of the bond will result in the client incurring penalties including if death occurs during the non-surrender period.

Clients purchasing a bond wrapper and attaining the age 55 or older when pension distributions are eligible (as permitted under UK regulation) prior to the 5–10-year surrender period, will incur penalties if distributions are taken. Bond wrappers are not appropriate for clients with a potential need to take distributions from the account during the surrender period. A long-term investment time horizon of not less than the surrender period.

- If the initial fee is paid out of transferred pension assets, client is advised the fee will directly reduce the amount of assets available for investment.

**Annual Fee:**

- SIPP and QROPS accounts will be charged an annual fee not to exceed **1.50%** annually. The annual fee will begin upon completion of the transfer.
- Depending on the SIPP or QROPS provider, fees will be deducted from the account either: 1) quarterly in arrears or 2) monthly in arrears.
- Fees are calculated by the platform provider and based on the valuation date established by the provider. Not all providers use the last business day of the payment period.

- Platform providers will typically not prorate fees for partial billing periods. Therefore, you will pay the full billing period (i.e., month or quarter) regardless of when assets were deposited to your account.

Advisory fees will be collected directly from your account. As stated above, the platform provider or custodian will calculate our advisory fees. You will have access to an account statement reflecting the deduction of the advisory fee direct from the account custodian. Additionally, you can request an account valuation at any time. If the Account does not contain sufficient funds to pay advisory fees, we have limited authority to sell or redeem securities in sufficient amounts to pay advisory fees. Please note:

Each provider calculates fees differently (e.g., billing period ending value, actual days in the billing period, or evenly divided based on the billing period).

Each provider values your pension account on a date the provider decides.

To determine how your fee is calculated you need to make an inquiry direct to the provider.

**In the United States the Securities and Exchange Commission requires investment advisers to disclose that when fees exceed 3% the fees are considered excessive in comparison to fees charged by other investment advisers for similar services at lower rates. The UK pension transfer process is complex and is often a lengthy process. There are multiple levels of fees and costs as further outlined below. Total fees the client will pay to all providers including us will exceed 3%.**

#### **Additional Fees and Costs:**

In addition to the fees outlined above, depending on the investment platform and SIPP provider or trustee, client is subject to the following fees and costs:

- Transaction fees and/or dealing costs
- Discretionary Fund Manager or Discretionary Manager fees. Fees can be 1% or more. Therefore, your total advisory and management fees can total 5% the first year and over 2% thereafter. **Refer to the disclosure in Item 4 above regarding Nexus Portfolio Management Limited (NPML).**
- Investment platform fees
- Establishment or set-up fee and annual fees charged by the SIPP provider
- Annual trustee or administrative charges
- Income or benefit set-up and annual fees charged by the SIPP provider
- If a portfolio bond is utilized there will be set-up fees, ongoing administration fees, and dealing fees per trade
- Exit penalty fees associated with the bond that decline over a period often over a 10-year period
- If mutual funds, exchange traded funds or other pooled investment vehicles are used, the client will pay a proportionate share of the fund's management and administrative fees and sales charges as well as the mutual fund adviser's fee of any fund purchased. Such advisory fees are not shared with us and are compensation to the fund-manager.

- Exit fees are charged if changing platforms or trustees.
- As mentioned above, pension report from a UK qualified advisor for defined benefit transfers.
- Internal management fees and administrative expenses for UCITS and funds disclosed in the fund prospectus.
- UCITS and fund redemption fees, if applicable

### **Termination of Services**

You may terminate investment advisory services obtained, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with us. You will be responsible for any fees and charges incurred from third parties such as dealing fees, trustee fees, platform fees, custodial fees, UK service provider fees, etc. Thereafter, you can terminate investment advisory services upon delivery to us and your Advisory Representative of your written notice to terminate.

- If termination occurs prior to the initiation of the transfer of pension assets, clients will be responsible for time and third-party expenses incurred, such as the FCA report prepared by the UK qualified Advisor.
- If review, advice, and/or analysis of Client's United Kingdom pension have been initiated, Client will not be entitled to a prorated refund of the initial fee. The initial fee covers Adviser's time, analysis, and review of the pension assets and Client's financial situation.
- If termination occurs prior to the initiation of the transfer of pension assets, clients will be responsible for time and third-party expenses incurred, such as the FCA report prepared by the UK qualified Advisor.
- You are responsible for and agree to pay a prorated portion of the annual management fee based upon the number of days in the billing period up to Adviser's receipt of Client's written notice to terminate (the "termination date").

### **B. US Based Asset Management Fees**

Fees will not exceed 2% annually.

- The agreed upon fee you will pay will be documented in the advisory agreement you execute between you and us.
- *Frequency of fee:* You and your advisory representative will agree on the frequency of the payment of the annual fee. Fees will be paid based on one of the following options and will be in arrears of the billing period:
  - Monthly based on the average daily balance
  - Monthly based on the month ending value
  - Quarterly based on the average daily balance
  - Quarterly based on the quarter ending value

- *Collection of Advisory Fees.* Advisory fees are collected directly from your account. By execution of our advisory agreement, you will grant authorization to us to deduct our fees from your account. You will be provided with an account statement reflecting the deduction of the advisory fee direct from the account custodian. If the Account does not contain sufficient funds to pay advisory fees, we have limited authority to sell or redeem securities in sufficient amounts to pay advisory fees. You may reimburse the account for advisory fees paid to us, except for ERISA and IRA accounts.

You may make additions to the Account or withdrawals from the Account. Additional assets deposited into the Account after it is opened will be charged a pro-rata fee based upon the number of days remaining in the then current calendar month. Additionally, partial withdrawals from the account will result in a prorated portion of the fee being credited to the Account. Fee adjustments for inflows and outflows in accounts charged based on the average daily balance will be factored into the monthly fee using the average daily value of the account. No fee adjustments will be made for Account appreciation or depreciation.

We utilize the services of third-party managers, model managed portfolios and use the services of strategists to offer model portfolios and strategies. There is an additional cost for engaging the services of professional managers and strategists that is in addition to our advisory fee disclosed above.

We have entered into an agreement with Advisors Capital Management (ACM) to provide model management services and customized management services for more complex management needs. ACM fees are in addition to our fee and will range from 0.40% annual for model management and 0.60% for private or customized management services. Total management fees for our services and ACM services can be as high as 2.6% annually.

All fees associated with BFM US LLC and the client are incorporated in the Investment Advisory Agreement under the Schedule of Fees section and provided to each client individually.

Client assets are held in custody at the custodian selected by the client.

### **C. Additional Fees and Expenses**

In addition to the advisory fees described above, clients are responsible for paying all additional fees related to establishing and managing their accounts. These fees and expenses include, but are not limited to, the following, as applicable:

- a. Transaction or dealing costs and other related trading costs and expenses;
- b. Entry or exit fees relating to investments;
- c. Custodial fees;
- d. Trustee fees;
- e. All applicable taxes;

- f. Wire transfer and electronic fund fees;
- g. Other fees and taxes related to brokerage accounts;
- h. Internal management fees and administrative expenses for UCITS disclosed in the fund prospectus;
- i. UCITS redemption fees, if applicable; and
- j. Other fees and expenses required by law.

We and our adviser representatives do not share in these fees. Please refer to Item 12 below for more information on our brokerage practices.

#### **D. Financial Planning and Consulting Services**

Fees for planning services are strictly for planning services. Therefore, you will pay fees for additional services obtained such as asset management. It is your Advisory Representatives discretion whether or not to waive a portion or all of any financial planning or consulting fee if you implement advice through us and participate in an asset management program or service.

Fees are negotiable. Your fees will be dependent on several factors including time spent with the Advisory Representative, number of meetings, complexity of your situation, amount of research, services requested and staff resources, and your Advisory Representative. You will be quoted a fee by your Advisory Representative and you will agree on a fee which will be outlined in an agreement prior to any work performed. Fees will be a flat fee not to exceed \$5,000. Fees will be due based on one of the following options:

1. Payable one-half (1/2) upon execution of the advisory agreement and the balance due at the time of presentation of the plan or recommendations;
2. Quarterly installments with the full amount due upon presentation of the plan or recommendations; or
3. Due in full at the time of presentation of the plan or recommendations.

#### **E. Retirement Plan Consulting**

Fees are based on the value of the plan assets. An annual fee will not exceed 1.50% annually and is charged on a monthly or quarterly basis in arrears based on the value of plan assets as determined by the custodian. Fees are prorated for partial billing periods. The plan sponsor will agree to the fee by execution of an agreement between us and the plan sponsor.

#### **F. Termination of Services**

You may terminate investment advisory services obtained, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with us. You will be responsible for any fees and charges incurred from third parties as a result of maintaining the Account such as transaction fees for any securities transactions executed and Account maintenance or custodial fees. Thereafter, you

can terminate investment advisory services upon delivery to us and your Advisory Representative of your written notice to terminate.

- **Fees Paid in Advance:** Should you terminate investment advisory services during billing period, you will be issued a pro-rated refund of the advisory fee from the date of termination to the end of billing period if fees are charged in advance.
- **Fees Paid in Arrears:** Should you terminate or transfer funds and securities out of the account prior to the end of the billing period, you will be charged a prorated advisory fee for the payment period up to the date of termination. In the event you transfer the account, and no funds or securities remain in the account for us to deduct its advisory fee, you will be sent a fee invoice. Fee invoices must be paid within 30 days of the date of the invoice or late fees of \$15 per 30 days after the date of the invoice will be charged plus interest of 18% per annum will be assessed until the invoice is paid in full.
- For planning services where a fixed fee is agreed. Prepaid fees will be refunded based on time expended and if charged in arrears you will be invoiced based on time expended.

## Item 6: Performance-Based Fees and Side-By-Side Management

Performance-based fees are based on a share of the capital gains on, or the capital appreciation of, clients' assets. Neither we nor our supervised persons charge performance-based fees on client accounts.

## Item 7: Types of Clients

We offer investment advisory services to US persons, US connected persons living abroad with US retirement assets, and UK expatriates with residency in the United States of America. Although there is no minimum amount requirement, transferring the client's former UK pension scheme or US retirement account must be in the best interest of the client. With respect to UK pension assets, we adhere to strict requirements of the Her Majesty's Revenue and Customs (HMRC) and other applicable regulations in order to be compliant on UK pension transfers.

Our services are appropriate for individuals both with high net worth (i.e., clients with a net worth of \$2,200,000, exclusive of primary residence or has \$1,100,000 under management with us) and other than high net worth. Further, certain of our advisors have experience assisting US retirement plan sponsors with retirement consulting services.

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

### A. Method of Analysis and Investment Strategy

Our primary investment objective is to build diversified portfolios of professionally

managed funds that will provide a balanced approach to investing in the stock, bond and alternative markets, when applicable, given the individual investor's long-term and short-term risk tolerance and return objectives.

Each Advisory Representative conducts their own analysis to determine the securities and asset allocations they will use in a client's portfolio. They will use a variety of resources to gather information including but not limited to newspapers, magazines, due diligence visits and interviews with vendors, product literature and prospectuses, asset allocation programs and software. Advisory Representatives conduct economic analysis to attempt to analyze and determine trends as well as fundamental analysis. Fundamental analysis generally involves looking at economic and financial factors. Additionally, they will assess a company's or security's value based on factors such as sales, assets, markets, management, products and services, earnings, and financial structure. Some Advisory representatives employ technical market analysis and technical trend following. Technical analysis generally involves studying trends and movements in a security's price, trading volume, and other market-related factors in an attempt to discern patterns.

There are numerous factors advisory representatives consider when selecting a specific fund for your portfolio such as how long a manager has been at a certain fund, the size of the fund they manage, a manager's personal investment in the fund, portfolio diversification and historical performance.

*Risk of Loss Inherent in All Investments* - Investing in securities involves risk of loss that clients should be prepared to bear. We have described below the material risks of each of our strategies.

## **B. Material Risks Involved for the Investment Strategy**

All of our investment strategies have risk. That risk includes the risk of loss of principal, the risk of declining income yield, or the risk of missing the investor's long-term goal.

More specifically, there are a myriad of risks that one is exposed to when investing. While the following list is not meant to be comprehensive, it does enumerate many of the risks we are aware of.

It is important to emphasize that investment returns, particularly over shorter time periods, can be highly volatile and are dependent on a wide variety of factors. Thus, our investment management services are generally suitable only for long-term investment objectives or strategies, rather than for short-term trading purposes. Neither diversification nor asset allocation assures a profit or protect you against a loss, and there is no guarantee that your investment objectives will be achieved.

While in most cases we attempt to create a diversified portfolio of funds irrespective of the risk tolerance of the client, all securities, including mutual funds, UCITs (in UK pension accounts) and ETFs, are subject to market, economic and business risks that will cause their value to fluctuate over time sometimes rapidly. Generally, large cap investment funds and ETFs are less volatile than those that invest in small cap stocks, as smaller companies generally have weaker financial stability, although they often have greater potential for growth. Bonds funds tend to exhibit lower levels of risk, or volatility, than stock-based funds, but they are still subject to many of the above-mentioned risks, as well as other risks specific to bonds, including interest-rate and

credit risk.

Investing in securities involves risk of loss, including the loss of principle. Therefore, your participation in any of the advisory services offered by us will require you to be prepared to bear the risk of loss and fluctuating performance. We do not represent, warrant or imply that the services or methods of analysis used by us or our advisory representatives can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to major market corrections or crashes. Past performance is no indication of future performance. No guarantees can be offered that your goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by us will provide a better return than other investment strategies,

We have enumerated some of the most important specific risks associated with investment management below.

- **Active Management Risk** can be found in many forms. The active management of mutual funds introduces a form of manager risk since the underlying managers are making their own decisions about how to invest.
- **Commodity Risk** in general, we do not take on specific commodity risks, although our underlying fund managers take on some commodity risk when they deem it appropriate.
- **Concentration Risk** is the risk of having too many eggs in one basket. We actively try to avoid an overconcentration in any single investment fund; however, client portfolios will often have lesser or greater concentrations in a particular sector or market than that found in a global benchmark.
- **Credit Risk** is the risk of a company being unable to meet its obligations. In general, this risk is inherent in bond fund portfolios. At times, investment fund managers will take positions in distressed debt which offers significant upside for a higher level of risk. We attempt to avoid direct exposure to this risk.
- **Derivatives Risk.** We do not directly invest in derivatives. However, we can invest in funds that invest in derivatives as part of their underlying strategies. This is a decision made by the underlying fund managers.
- **Equity Market Risk** is the risk that stock markets will generate negative, rather than positive, total returns. Diversification does not eliminate equity market risk or guarantee positive returns.
- **Foreign Currency Risk** is the risk that client portfolios will have exposure to non-dollar securities and that a change in the relationship between the base currency and a foreign currency causes a non-dollar denominated investment, when translated back into the base currency, to have a lower or higher value. Foreign currency risk can add to, or subtract from, overall returns. Our goal is to maintain broad diversification across the globe to limit exposure to a single non-dollar currency.
- **Sovereign Risk** is the risk that investments in companies or securities with exposure to foreign and political systems are impacted by the performance or



action of governments in those countries. We will invest in investment funds with exposure to global companies that operate outside of a single country border. Our goal is to maintain broad global diversification to limit exposure to a single country or political system.

- **Interest-Rate Risk** is a risk inherent in the bond markets whereby higher interest rates can cause the value of fixed income securities or funds to fall, and vice-versa. That said, higher interest rates can also contribute to higher yields in bond funds, over time. The level of interest-rate risk taken by a portfolio manager is the decision of that manager. We attempt to manage interest-rate risk at the overall portfolio level through our fund selection and weightings. As interest rates rise, investors will likely see the value of their bond fund decline. As interest rates fall, investors will likely see the value of their bond fund increase.
- **Inflation Risk** is the risk that rising inflation diminishes the value of your assets and/ or investments, a risk faced by consumers and investors alike.
- **Liquidity Risk** is the risk that an investor will not be able to exchange their portfolio holdings for cash on an as-needed basis. Most investment funds offer daily, weekly or monthly dealing in order to raise cash.

**C. Material Risks Associated with Certain Securities Investment Funds and Programs:**

Mutual Funds and UCITs: Fund fees are described in the fund's prospectus, A prospectus is available online at each mutual fund company's Web site. At the client's request at any time, we will direct the client to the appropriate Web page to access the prospectus and provide prospectuses and fact sheets at your re.

**Manager Risk** is the chance that poor security selection or focus on securities in a particular sector, category, or group of companies will cause the fund to underperform relevant benchmarks or other funds with a similar investment objective.

**Investment Style Risk** is the chance that returns from the specific strategy will trail returns from the overall stock market.

**Sector Risk** is the chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market. Mutual funds that limit their investment mandates or objectives to a specific sector are more exposed to this risk than more broadly diversified mutual funds.

**Non-Diversification Risk** is the chance that a fund's performance will be hurt disproportionately by the poor performance of relatively few stocks or even a single stock. Certain funds are non-diversified, which means that they invest a greater percentage of their assets in the securities of a small number of issuers as compared with other mutual funds.

**Market Risk** is the risk that the Stock Market will decline, decreasing the value of the

securities contained within the mutual funds we recommend to you.

**Industry Risk** is the risk that a group of stocks in a single industry will decline in price due to adverse developments in that industry, decreasing the value of mutual funds that are significantly invested in that industry.

**Third Party Managers and Model Portfolio Risks:** For US managers, please refer to the third-party service provider's Form ADV and associated disclosure documents for details on their investment strategies, methods of analysis and associated risks. The risks with utilizing third party managed programs include:

- Market and economic risk.
- The risk the third-party is not managing to the objective or managing based on the stated strategy.
- The risk the securities managed by the third-party will decline or fluctuate impacting the overall performance of the portfolio.
- The risk that the performance of the portfolio will be diminished by the fees of the third-party and expenses associated with the securities.

**Cost and Expense Risks:** Funds such mutual funds and UCITs offer the securities in various share classes. Different share classes are priced differently and have varying levels of internal costs and share classes other than institutional share classes will involve higher internal costs that over time will cost you more. Institutional share classes often have higher trading costs; however, the internal costs of the fund are lower. Over a period of time, share classes other than institutional shares will become more expensive if held in the account for a long period of time. A client needs to consider the amount being invested and the length of anticipated holding to determine the share class most suitable. Advisory Representatives will attempt to select the lowest share class funds available and appropriate to the situation. However, in selecting the lowest share class, trading costs are sometimes higher. Selecting the lowest share class appropriate to the situation does not imply the lowest cost share class. Instead, your Advisory Representative will select what they deem the lowest cost for the situation. Further, the lowest cost share class is not available with all platforms and custodians. Advisory Representatives consider the anticipated holding period, cost structure, and administrative and transaction costs associated with selecting a share class. However, there is no way to predict the future and there will be occasions where a holding is liquidated sooner or held longer resulting in higher costs to the client. Additional information about share classes can be found in an Investor Alert issued by the Securities and Exchange Commission at <https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-bulletin-mutual-fund-classes> and <https://www.investor.gov/additional-resources/news-alerts/alerts-bulletins/investor-bulletin-mutual-fund-classes>. Additionally, the SEC and FINRA provide investor information at [www.sec.gov](http://www.sec.gov) and [www.finra.org](http://www.finra.org)

## Item 9: Disciplinary Information

**A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

**B. Administrative Proceedings**

There are no administrative proceedings to report.

**C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

**Item 10: Other Financial Industry Activities and Affiliations****A. Registered Broker-Dealers**

We and our management persons are not registered and do not have an application pending to register as a broker-dealer or registered representatives of a broker-dealer.

**B. Registered Futures Commission Merchant, Commodity Pool Operator, and Commodity Trading Advisor**

We and our management persons are not registered and do not have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or associated persons of those entities.

**C. Material Relationships with Related Persons and Conflicts of Interest from Relationships with Related Persons**

The principal owners of the Firm are owners of other regulated entities outside the United States in various jurisdictions which provide similar services to individuals residing out of the United States.

The Firm's principal owners are also part owners of a Malta-based UCITS fund ("the Malta UCITS"). The Malta UCITS are not recommended or used as a part of the investment portfolio for US based client.

Blacktower Insurance Services, LLC is licensed as an insurance agency in the United States (US). Blacktower Insurance Services offers life insurance and fixed annuity products through companies with which it is appointed. Several advisory representatives who reside in the US are insurance licensed and offer clients life and fixed insurance products. If you purchase an insurance product through Blacktower Insurance Services or through a Blacktower licensed insurance agent, commissions will be received. Insurance commissions are high compared to other products and services offered by Blacktower. Blacktower Insurance Services and the licensed insurance agents have a conflict of interest for you to purchase insurance products through them because of the receipt of significant insurance commissions. To mitigate this conflict of interest we are informing you that you are under no obligation to purchase insurance products through our licensed agents or agency and you may find Insurance product and services at a lower cost through other insurance agencies.

Blacktower Insurance Agents & Advisor Ltd is an insurance company licensed to offer and sell insurance products outside the United States in jurisdictions where regulatory

approvals have been granted. Blacktower Insurance Agents & Advisor Ltd is not licensed to offer insurance products and services in the United States. If insurance products and services are purchased through Blacktower, compensation will be earned. This is a conflict of interest. To mitigate the conflict of interest we are providing this disclosure. Further, before purchasing insurance products outside of the jurisdiction in which you live, you should obtain a second opinion from another professional.

Some of our advisory representatives maintain qualifications in multiple jurisdictions. Non-U.S. based advisory representatives have qualifications and are associated with other licensed or regulated firms to offer securities and insurance products to clients outside the United States in non-US jurisdictions where regulatory permissions are granted.

Additionally, some of our advisory representatives are affiliated with other US licensed Investment Advisers for purposes of offering other advisory programs, platforms, or services. Services will be similar to those services offered by Blacktower Financial Management (US) LLC and fees will be more or less than fees disclosed in this disclosure brochure.

For specific information regarding whether your Advisory Representative maintains multiple registrations or other licenses with different entities please refer to your Advisory Representative's Form ADV Part 2B Item 2 and 4 disclosures.

#### **D. Recommend or Select other Investment Advisors**

As referenced under Item 4 and 5 above, the principal owners of the firm have a minority ownership in a discretionary fund manager based outside the United States, Nexus Portfolio Management Limited (NPML). NPML's management services and knowledge is used to manage UK pension assets. NPML will receive compensation for its services and consulting to our firm based on clients' assets being invested in NPML created or consulted model portfolios. **This is a conflict of interest due to the ownership interests. To mitigate this conflict of interest we are providing this disclosure and informing you of additional costs and you are under no obligation to engage the services of NPML or utilize portfolios where NPML will financially benefit.**

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

### **A. Summary of Code of Ethics**

We maintain a Code of Ethics (the "Code") that describes our fiduciary duty to our clients and sets standards for business conduct. The following is a summary of the key provisions of the Code:

**Scope** - The Code covers all directors, officers, partners, employees, and any other persons who are under our supervision and control (i.e., associated and supervised persons).

**Fiduciary Duties** - The Code is based on the principle that the Firm and its employees owe a fiduciary duty to our clients to act in your best interest and place your interests first and foremost. Accordingly, the Firm and its employees must avoid activities, interests and relationships that might interfere or appear to interfere with making decisions in the best interests of the Firm's clients. Additionally, we strive to handle your non-public information in such a way to protect information from falling into hands that have no business reason to know such information.

**Code of Conduct** - The Code contains specific topics designed to reflect our commitment to ethical conduct. These topics include compliance with legal and regulatory requirements, gifts, outside activities, entertainment and board directorships. Full details can be found in our Compliance and Sales Process Manuals.

#### **B. Recommending Securities in Which We Hold a Financial Interest**

Other than the disclosure regarding the Malta UCITS in Item 10.C. above, we do not recommend or buy or sell securities in which we or a related party hold a material financial interest.

#### **C. Blacktower Employees Investing in the Same Securities as Clients**

We permit our associated and supervised persons to invest in the same funds as those held by clients. Potential conflicts arise when associated and supervised buy or sell the same security we buy or sell for clients. For instance, if associated and supervised persons have knowledge of pending client trades that could impact the price of a security, they could time their transactions to receive a better price than that of the clients. Our policy is to closely monitor employee personal investing to ensure that such supervised and associated do not profit at the expense of clients.

Associated and supervised, aside from those in their status as our clients, are not permitted to participate in aggregated trades with client accounts.

##### Prohibition on Use of Insider Information

We have adopted policies and procedures to prevent the misuse of "insider" information (i.e., material non-public information). A copy of such policies and procedures is available to any person upon request. Associated and supervised persons are prohibited from trading on non-public information or sharing such information.

## **Item 12: Investment Platform Practices**

We do not maintain custody of your assets, although we are deemed to have custody of your assets if you give us authority to withdraw our advisory fee directly from your managed account. Additionally, we will be deemed to have custody in certain situations involving standing letters of authorization and if you give us authority to transfer funds or securities between your accounts. Your assets are maintained in an account at a qualified custodian. Generally, a qualified custodian is a broker/dealer, trustee, custodian or other similar financial institution.

Not all investment advisers require you to maintain accounts at a specific broker/dealer. You can maintain accounts at another broker/dealer. However, the services provided by us could be limited to only advice and will not include implementation. If you select another brokerage firm for custodial and/or brokerage services, it is likely you will not be able to receive asset management services from us. The ability to select another broker/dealer and custodian will depend on the ability for us to obtain trade information and supervise the activities of our Advisory Representatives.

## **A. Criteria for Investment Platform Selection and Reasonableness of Compensation**

### **i. Selection of Investment Platform**

#### **UK Pension Accounts**

We recommend that clients designate either an International Life Company, Fund Platform, Discretionary Fund Manager and/ or Private Bank to act as the investment platform for their assets. Clients enter agreements through the group which structured the Pension/SIPP/QROP for their pension assets.

#### **US Based Assets**

For US based assets, we have an agreement with qualified custodians: Interactive Brokers ("IB") and Charles Schwab & Co., Inc. (Schwab). Interactive Brokers and Schwab are executing and clearing broker/dealers and members FINRA/SIPC. IB and Schwab are independent and unaffiliated SEC-registered broker-dealers. IB has the ability to establish accounts for US connected persons living outside the U.S. for their U.S. based assets. Depending on the country in which a client is residing, Schwab also offers services to clients with US retirement assets living abroad. While we recommend that you use Schwab or IB as custodian/broker, you will decide whether to do so and will open your account with Schwab and/or IB by entering into an account agreement directly with them.

IB and Schwab offer independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. We and your advisory representative receive some benefits from IB and Schwab through participation in their platforms. The benefits are further described below and under Item 14.

IB and Schwab will act solely as a broker/dealer and custodian and not as an investment adviser to you. IB and Schwab will have no discretion over your account and will act solely on instructions it receives from us, your advisory representative, or you. IB and Schwab have no responsibility for our services and undertake no duty to you to monitor our management of your account or other services we provide to you. IB and Schwab hold your assets in a brokerage account. To establish an account with IB or Schwab you will be required to enter into an account agreement directly with Interactive Brokers. We do not open an account for you without your consent.

#### **How we select Investment Platform Providers**

Not all investment advisers require you to maintain accounts at a specific financial institution. You can maintain accounts at another financial institution or investment platform provider (as defined below). However, the services provided by us will be limited to only advice and will not include implementation. The ability

to select another financial institution or investment platform provider will depend on the ability for us to obtain trade information, execute transactions, obtain account information readily, and supervise the activities of our advisory representatives.

We seek to select an International Life Company, Fund Platform, Discretionary Fund Manager and/ or Private Bank, broker/dealer (collectively "Recommended Investment Platform Provider") who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- Financial strength, integrity and stability;
- Quality of their trading and execution services;
- Competitiveness of the fees based upon the quality of service;
- Availability of research, pricing services and other market data;
- Ability to service you and us;
- Capability to execute, clear and settle trades (buy and sell securities for your account);
- Industry reputation, staying power as a company, financial strength and viability;
- Breadth of available investment products and,
- Responsiveness.

Regarding our Recommended Investment Platform Providers, we seek to negotiate competitive rates for our clients. However, the transaction fees charged by our Recommended Investment Platform Providers can be higher or lower than those charged by others for the same services.

There is an incentive for us to recommend a Recommended Investment Platform Provider over another based on the products and services that will be received rather than your best interest. Therefore, it is possible clients pay costs and expenses higher than those charged by other Platform Providers in return for the products and services received by us. The products and services we receive from Recommended Investment Platform Provider will be used to benefit all clients including those clients who elect to maintain their accounts elsewhere.

Best execution does not simply mean the lowest transaction cost. Therefore, no single criteria will validate nor invalidate a custodian, but rather, all criteria taken together will be used in evaluating the currently utilized custodian.

## **ii. Products and Services Available to Us from Investment Platform Provider**

Our Recommended Investment Platform Providers provide us and our clients with services and benefits that are generally not available to their retail

customers. Some of these services help us manage or administer clients' accounts, while others help us manage and grow our business. These support services are generally, but not always, available to us whether we request them or not.

Among the services provided by our Recommended Investment Platform Providers that **directly benefit clients** are: (i) execution and settlement services; (ii) broad range of investment products; (iii) custody of client assets; and (iv) availability of certain investment products that are not available to retail accounts.

Certain services provided by our Recommended Investment Platform Providers **benefit us but do not directly benefit clients**. These services assist us in managing client accounts. They include, but are not limited to:

- Research, pricing services and other market data;
- Ability to electronically download client trades, balances and positions and input them into our portfolio record keeping systems;
- Use of trading software to facilitate trade execution and aggregate orders for multiple client accounts;
- Ability to pay our management fees directly from client accounts; and,
- Provide access to client account data, such as confirmations and statements.

Other services that are made available by our Recommended Investment Platform Providers generally **benefit only us**. These services include, but are not limited to:

- consulting on technology, compliance, legal and business needs;
- educational conferences;
- publications and conferences on practice management.
- Other benefits, such as business entertainment, can be provided to our personnel from time to time.

### iii. **Conflicts of Interest Arising from Investment Platform Provider Arrangements**

The following conflicts of interest arise from our relationship with our Recommended Investment Platform Providers:

- The products and services made available to us through our Recommended Investment Platform Providers directly benefit us to the extent that we would have pay for such products and services;

### iv. **Other Conflicts**

We examine these potential conflicts of interest on an ongoing basis. We believe that our selection of our Recommended Investment Platform Providers and recommended investments is in the best interests of our clients. Our selection is



primarily based upon the quality and price of the services provided that benefit our clients and not on those services that benefit only us or remuneration we receive from the Investment Platform Providers.

#### **v. Client Directed Solutions**

If a client chooses to use an Investment Platform Provider other than one of our Recommended Investment Platform Providers, the client will negotiate terms and arrangements for their account with that provider, and the Firm will not seek better services or prices from those other providers. As a result, the client could pay additional fees, commissions or other transaction costs than would otherwise be the case. Further, we reserve the option of declining to provide you services if we are not able to obtain all information needed or we do not believe the provider is in your best interest.

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

### **A. Periodic Review of Client Accounts**

Generally, client level account reviews occur at least once a year. These reviews are conducted by your advisor. Please refer to your Advisory Representative's Form ADV Part 2B for important biographical information. The purpose of the reviews is to examine performance of the account, your Attitude to Investment Risk to ensure that the Investment Strategy remains broadly in line with your goals and objectives, determine if there are changes with your financial situation, and to update any material information about your situation.

You may request reviews at any time. It is important to notify your advisor promptly if any information about your financial situation changes. Any changes are important and may require him review the portfolio allocation and make recommendations for changes.

### **B. Review of Client Accounts on Other Than Periodic Basis**

Factors that can cause us to review a client's account more frequently include:

- Volatile market periods;
- An update to the client's personal information, employment details, assets, invested assets, liabilities, pension details and/or financial goals;
- Changes in client's objectives;
- Changes to client's risk profile; and/or
- Client request.

### **C. Content and Frequency of Client Reports**

Clients will receive custodial statements directly from the Investment Platform Providers based in the United States on quarterly basis; at a minimum from. Such

statements will include account balances, transaction history, and account performance. Additionally, you will receive confirmations of all transactions occurring in US based accounts direct from the US account custodian.

Account custodians and platform providers offshore have different regulatory obligations that do not require them to provide quarterly statements. Valuations for UK pension transfer accounts are available upon request and at least on an annual basis.

## Item 14: Client Referrals and Other Compensation

### **A. Economic Benefits from Third Parties**

We receive an economic benefit from the Investment Platform Providers we recommend to clients. This benefit is in the form of products and services the Investment Platform Providers makes available to investment advisers whose clients maintain their accounts with the Investment Platform Providers. The actual products and services received that benefit us and potential conflicts of interest are fully described in Item 12 (Brokerage Practices) above.

#### United Kingdom (UK) Pension Advice

As further described above under Item 5, we and your advisory representative will receive compensation directly from the insurance bond provider if client elects to purchase an insurance bond rather than pay the initial planning and analysis fee for the pension transfer advice. Our and your advisory representative's fee is paid initially by the bond provider (e.g., RL360) and the bond provider will charge you our fee plus an additional fee (i.e., premium) over period of five to 10 years. Purchasing a bond wrapper will cost the client more overtime and will directly affect the performance of the account over time. Further, the client will be subject to a surrender period of five to ten years.

We enter into referral arrangements with other companies such as currency exchange vendors to offer services to our clients. In return, those firms will pay a referral fee to us. This is a conflict of interest for us to only refer our clients to those vendors who compensate us. To mitigate this conflict of interest we are informing you we have referral arrangements with Currencies Direct. You are not obligated to use the services of any vendor with whom we have a referral relationship and you are free to seek the services of any vendor to meet your needs.

### **B. Compensation to Third Parties for Referrals**

- i. We have solicitation arrangements with unaffiliated third parties ("Solicitors") that allow the Solicitors to receive a cash referral fee for referring clients to us. The Solicitors will be paid a cash referral fee based upon a percentage of the advisory fees actually received from any client introduced by the Solicitors to us. Our payment of the fee will not result in an increase in the advisory fee paid by any client. The Solicitors are to provide any prospective client they solicit with a written disclosure document outlining the compensation arrangement with us.
- ii. Cash referral fees paid to our employees and Solicitors are generally calculated as a percentage of the investment advisory fees, which are based

on assets under management. Therefore, the individual has a direct interest in the fees you will pay. This is a conflict of interest. To mitigate this conflict of interest we have provided you with this disclosure.

As stated under Item 4 above, our advisory representatives are independent contractors. As such, the Advisory Representatives have a direct incentive in the advisory fees being charged since a portion of the advisory fee collected by us will be paid to the advisory representative for compensation for advisory services. In other words, advisory representatives share in the fees charged to you by us.

## Item 15: Custody

Blacktower Financial Management (US) LLC does not hold client money and/ or act as a custodian. However, we will be deemed by US securities laws to have custody under the following situations:

- When we have a standing letter of authorization and if you give us authority to transfer funds or securities between your accounts where the registration of the accounts is not the same.
- We will be deemed to have custody with the deduction of our advisory fees from your accounts.

If you maintain US assets at a US custodian, you will receive account statements direct from the US based account custodian reflecting the deduction of our advisory fee. You should carefully review statements received from the account custodian. Further, you should always compare any written report received from us or your advisory representative with statements received direct from the account custodian. Should there be any discrepancy the account custodian's report will prevail.

We encourage our clients to raise any questions with us about the custody, safety or security of their assets.

### **US Assets**

Securities transactions are executed through Charles Schwab & Co., Inc. (Schwab) or Interactive Brokers, LLC., both are members of FINRA - SIPC and regulated by the US Securities and Exchange Commission. Schwab and Interactive Brokers maintain custody of our client's assets and effects securities transactions for our portfolio management clients' accounts. We are not affiliated with or a related person of Schwab or Interactive Brokers.

### **UK Pension Assets**

Client assets are held at: RL 360 International Life Assurance Company, Utmost Worldwide, Novia Global Limited, Providence Life, Kingdom Trust, STM Life and/or STM Malta; amongst other custodians.

As previously stated, UK pension assets are held at a UK trustee or custodian. Such trustees and custodians are not subject to US laws and you are not subject to the protections of US laws. Therefore, the frequency of statements and valuations will vary based on the platform and custodian selected. In many situations you can have online access to view your account and can contact your advisory representative at any time to obtain a valuation.

## Item 16: Investment Discretion

Neither we nor your advisory representative have discretion to remove funds or securities from your account or select the custodian where your assets are maintained. Discretionary authority is limited to rebalancing your portfolio and authorizing transactions you have agreed to through the appropriate Investment Platform Provider. You can place restrictions and limitations on your portfolio.

## Item 17: Proxy Voting

We do not and will not accept the proxy authority to vote securities held in client accounts. The investment management agreement clients enter into with us reflect this policy. In addition, we will not provide advice to our clients about how to vote proxies. Our clients will receive proxies or other solicitations directly from the custodian or transfer agent. If proxies are sent to us, we will forward them on to our clients and ask the party who sent them to mail them directly to our clients in the future.

We do not determine if securities held by clients are the subject of a class action lawsuit or whether the client is eligible to participate in class action settlements or litigation, nor do we initiate or participate in litigation to recover damages on the client's behalf for injuries because of actions, misconduct, or negligence by issuers.

## Item 18: Financial Information

We do not have any financial condition to disclose that is likely to impair our ability to meet our contractual commitments to our clients.

We have never been the subject of a bankruptcy petition.

We will not require you to prepay more than \$1,200 and six or more months in advance of receiving the advisory service.

## Blacktower Financial Management (US) LLC Privacy Policy

Investment Advisers are required by law to inform their clients of their policies regarding the privacy of client information. We are bound by professional standards of confidentiality, as part of our compliance with the provisions of certain privacy regulations issued by the United State federal government. We are required to inform you on how we collect, share and protect your personal information.

### TYPES OF NONPUBLIC PERSONAL INFORMATION (NPI) WE COLLECT

We collect nonpublic personal information about you that is either provided to us by you or obtained by us with your authorization (such as information on applications). This can include but is not limited to your Social Security Number, Date of Birth, Banking Information, Financial Account Numbers and/or Balances, Sources of Income, Asset(s) Details and liability Information. When you are no longer our customer, we continue to share your information only as described in this notice.

### PARTIES TO WHOM WE DISCLOSE INFORMATION

All Investment Advisers may need to share personal information to run their everyday business. We restrict access to non-public personal information about you to our employees, affiliates and service providers who need to know that information in order to provide products and services to you.

We have not and will not sell your non-public personal information to anyone, even if our formal relationship ends. We do not disclose any non-public personal information about our clients or former clients to anyone, except to our employees, affiliates and services providers and as permitted by law and in accordance with any applicable investment management agreements.

### PROTECTING THE CONFIDENTIALITY OF CURRENT AND FORMER CLIENT'S INFORMATION

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. We maintain physical, electronic and procedural safeguards that we believe are reasonably designed to guard your non-public personal information while it is within our control.

### FEDERAL LAW GIVES YOU THE RIGHT TO LIMIT SHARING – OPTING OUT

Federal law allows you the right to limit the sharing of your NPI by “opting-out” of the following: sharing for non-affiliates’ everyday business purposes – information about your creditworthiness; or sharing with affiliates or non-affiliates who use your information to market to you. State laws and individual companies give you additional rights to limit sharing. Please notify us immediately if you choose to opt out of these types of sharing.

**DEFINITIONS:** Affiliates – companies related by common ownership or control. They can be financial and non-financial companies; Non-affiliates – companies not related by common ownership or control. They can be financial and non-financial companies; Joint marketing – a formal agreement between non-affiliated financial companies that together market financial products or services to you.

**Please call if you have any questions. Your privacy, our professional ethics, and the ability to provide you with quality financial services are very important to us.**