

# **BKD** | *Family Office*

Part 2A of Form ADV: Firm Brochure & Privacy Policy

March 29, 2018

***Main Office***

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This brochure provides information about the qualifications and business practices of BKD Wealth Advisors, LLC doing business as BKD Family Office. If you have any questions about the contents of this brochure, please contact us at 417.866.5822 or by email at [nconklin@bkd.com](mailto:nconklin@bkd.com). The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about BKD Family Office is available at the SEC's website: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Please note: Registration with the SEC or references to BKD Family Office as a registered investment advisor or any reference to being registered does not imply a certain level of skill or training.

## Item 2 – Material Changes

BKD Family Office has no material changes since the last update on August 30, 2017.

If you would like an additional copy of this brochure, please download it from the SEC's website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), visit [bkdfamilyoffice.com](http://bkdfamilyoffice.com) or contact the chief compliance officer, Nicole Conklin, at 417.866.5822 or [nconklin@bkd.com](mailto:nconklin@bkd.com).

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## Item 4 – Advisory Business

BKD Family Office (BKDFO) is dedicated to enhancing the financial lives and preserving the family legacy of our clients by providing a comprehensive financial strategy that is individually tailored to meet the specific needs of you and your family. We understand that in order for a family to have a lasting legacy, the family must collaborate with an advisor who can provide a broad range of services. BKDFO integrates services of our firm as well as other external advisors, which would include such services as tax and asset protection planning, investment management, trust administration and philanthropic advice, along with many other services designed to address generational needs. Our role is to assist in simplifying the complex financial lives of our clients so our clients can enjoy the benefits of their success. Our independent and objective approach allows us to focus on each client's unique needs by providing highly personalized services.

BKD Wealth Advisors, LLC, doing business as BKD Family Office, is an investment advisory firm registered with the U.S. Securities and Exchange Commission (SEC) and a wholly owned subsidiary of **BKD, LLP** (BKD), a national CPA and advisory firm.

BKD has been providing families with financial consulting services since 1923.

Services provided by Family Office include:

- Family Governance Administration
- Wealth Transfer Planning
- Investment Management
- Risk Management Consulting
- Philanthropic Strategies
- Technology Services
- Financial Statements
- Accounting & Tax Services
- Investment Consulting

Services may be provided by BKD as described below or outsourced to external consultants. In the event we refer you to an external consultant, we will not receive any compensation, directly or indirectly, for making such a referral.

### **FAMILY GOVERNANCE ADMINISTRATION**

For your family to achieve your goals, it is imperative you have a clear and collective understanding of those goals and an intentional approach to meeting them. Our BKDFO professionals will work with you and our external consultants to develop a family mission statement and education program that will serve your family and future generations. As we continuously focus on building and preserving your family's legacy, we'll assist with family meetings, governance and education to help create a positive family culture conducive to working together for multiple generations. This allows you to concentrate on what is important to your family.

## **WEALTH TRANSFER PLANNING**

An integral component of managing your wealth is the development, design and implementation of a customized estate plan that meets your goals while preserving your wealth for future generations. BKDFO advisors will work with your attorneys to create a plan that helps reduce the effect of federal and state estate tax, as well as income taxes, so you can make the most of your financial legacy. BKDFO advisors have in-depth experience not only in estate and gift tax planning, but also in the taxation of individuals, corporations and partnerships and in asset protection techniques. This enables you to successfully use advanced techniques to help you accomplish your estate planning objectives. For your plan to be successful, it should be reviewed and monitored regularly and adjusted as needed to reflect changes in your family. BKDFO can assist you with this process.

Please notify your Family Office advisor if there is ever any change in your financial situation or investing objectives for the purpose of reviewing, evaluating or revising Family Office's previous recommendations and/or services. A written financial plan may be prepared and provided, although in some cases there is no written comprehensive document. Once your plan has been developed and approved by you, your advisory team will begin the implementation of the plan and will continue to monitor your plan to meet your family's changing needs.

## **INVESTMENT MANAGEMENT SERVICES**

As we listen to your family's objectives, we will work with your family to assist in developing an Investment Policy Statement that documents the goals you have identified. This statement will be the basis for developing and managing your investment portfolio. As part of your investment management services, we will tailor our recommendations to a strategy suitable to your specific needs and goals. Once your plan has been developed and approved by you, our team will begin the implementation of the plan and will continue to monitor in order to meet your family's changing needs.

### **Discretionary Management of Accounts**

Discretionary Family Office accounts are managed in accordance with the guidelines and parameters established in the written Investment Policy Statement, based on our clients' objectives for the specific pool of funds.

### **Restrictions**

You may impose reasonable restrictions on your account(s) (for example, no tobacco stocks). All such restrictions shall be documented in writing. Restrictions may be modified by providing us with written documentation. We reserve the right to refuse to open an account if we believe the restrictions placed are excessive and would limit our abilities to manage the account effectively and prudently. Please understand that the imposition of portfolio restrictions may affect performance of your portfolio(s).

### **Nondiscretionary Management of Accounts**

We also manage advisory nondiscretionary accounts, meaning specific consent must be granted prior to each transaction. You have an unrestricted right to decline or implement any advice issued on a nondiscretionary basis. Clients who engage Family Office on a nondiscretionary investment advisory basis must be willing to accept that Family Office cannot effect any account transactions without obtaining prior verbal consent to any transaction(s). Thus, in the event of a market correction during which you are unavailable, Family Office will be unable to effect any account transactions (as it would for discretionary clients) without first obtaining your verbal consent.

## **RISK MANAGEMENT CONSULTING**

A BKDFO advisor will work with you to understand the financial risks of your family. We will have your current property and casualty insurance coverage and life insurance coverage reviewed by a consultant specializing in the needs of families like yours. When appropriate, our BKDFO professionals will coordinate with external providers to obtain and evaluate insurance proposals and identify whether additional coverage is needed.

This work may be provided by CPAs of BKD or your preferred tax professional. The relationship to BKD is described in more detail in Item 10 – Other Financial Industry Activities & Affiliations.

## **PHILANTHROPIC STRATEGIES**

For many families, charitable giving and philanthropic legacies are an important aspect of their overall family mission. BKDFO advisors can assist you with your legacy planning and advise you on charitable planning techniques, which may allow you to implement your mission while increasing the tax benefits of charitable gifting. If appropriate, our advisors also can be available to provide foundation administration.

This work may be provided by CPAs of BKD or your preferred tax professional. The relationship to BKD is described in more detail in Item 10 – Other Financial Industry Activities & Affiliations.

## **TECHNOLOGY SERVICES**

BKD Technologies, a division of BKD, has a dedicated team of advisors with a depth of experience in industry-leading family business and financial management software. This team provides services ranging from accounting, process automation and expense reporting to intercompany capabilities and security solutions.

This work may be provided by CPAs of BKD or your preferred tax professional. The relationship to BKD is described in more detail in Item 10 – Other Financial Industry Activities & Affiliations.

## **FINANCIAL STATEMENTS**

We can provide your family with updated financial statements that reflect information that is both meaningful and customized based upon your needs. BKDFO professionals can assist you with developing balance sheet and cash flow modeling and work with you to identify your credit and spending trends.

This work may be provided by CPAs of BKD or your preferred tax professional. The relationship to BKD is described in more detail in Item 10 – Other Financial Industry Activities & Affiliations.

## **ACCOUNTING & TAX SERVICES**

Understanding tax implications and consequences is a large part of any financial strategy. BKDFO advisors understand the ever-changing tax laws to help meet your needs. Based on your specific circumstance, we can provide customized analysis, individual and entity tax compliance services, tax planning strategies and tax projections.

BKD professionals also can assist you with domestic payroll needs, assist with personal bill pay services and/or provide assurance/audit services when needed.

### **Individual Tax Services**

BKDFO advisors go beyond your Form 1040 return to analyze both current and projected income, as well as your plans to transfer wealth. Then we recommend tax planning opportunities to help reduce taxes, including timing income and deductions, analyzing after-tax returns of tax-exempt income and other tax-advantaged investments, obtaining capital gains in lieu of ordinary income and the use of gifts and trusts for income shifting

when possible. Our forward-looking, proactive approach can help you grow and preserve assets, defer income and reduce taxes on your income, estate, gifts, investments and retirement distributions.

Whether with wealth planning, compliance or consulting, our goal is the same: to provide you with recommendations and strategies within the law to help you build your net worth and reduce your tax burden.

### **Strategic Tax Planning**

Beyond our compliance services, BKDFO provides a variety of tax planning and consulting services, from federal tax planning, state and local tax issues and international tax advice to transfer pricing, mergers and acquisitions planning and due diligence engagements, to provide guidance and practical direction to develop appropriate strategies to help reduce tax exposure.

BKD's tax advisors routinely monitor legislative activity, court rulings and regulatory guidance affecting tax law and provide you with informative tax alerts. We develop strategies to help you take advantage of benefits within the tax law and use our professional judgment and experience to advise you about actions you can take to reduce your tax burden. This forward-looking approach to developing advantageous tax strategies will allow you to confidently plan for the future.

This work may be provided by CPAs of BKD or your preferred tax professional. The relationship to BKD is described in more detail in Item 10 – Other Financial Industry Activities & Affiliations.

### **INVESTMENT CONSULTING**

From time to time, you may ask us to assist with a special project and/or ongoing consulting. Family Office will remain available to assist you with any aspect of your financial life.

### **ADDITIONAL SERVICES**

#### **Referrals to Independent Money Managers**

If suitable, referrals to independent money managers may be made through any of our approved programs. These programs may include, but are not limited to: Fidelity Separate Account Network; Envestnet Unified Managed Accounts; Charles Schwab & Co., Inc. Managed Account Select; Charles Schwab & Co., Inc. Managed Account Marketplace; and Charles Schwab & Co., Inc. Managed Account Access.

Due to the nature of these programs, each of the independent money managers is obligated to provide each client with a separate disclosure document. BKDFO agrees to make this disclosure available to any client upon their request. Clients should carefully review this document for important and specific program details, including pricing.

**Note:** Schwab, Envestnet and Fidelity, as well as all of their respective entities, are not affiliated with BKDWA or any BKD affiliate.

As of May 31, 2017, we advise or consult on \$444,481,657. We actively managed a total of \$2,818,669,547 in client assets. This represents \$2,696,342,552 in discretionary client assets and \$122,326,995 in nondiscretionary client assets.

## Item 5 – Fees & Compensation

### INVESTMENT MANAGEMENT FEES

BKDFO will charge a minimum fee of \$50,000 annually. The exact fee charged will be stipulated within the portfolio management agreement or consulting agreement and applies to all assets within the portfolio or household as defined in the agreement. Factors we consider when determining fees may include, but are not limited to, the following:

- Services we provide
- Estimated time to provide services
- Expertise utilized to provide services
- Size of portfolio/assets under management
- Types of securities to be purchased, sold or held within the portfolio
- The custodian used to hold client's assets (assets held outside of our recommended custodians typically increase our costs of doing business)
- The amount of unmanaged assets, if any
- The extent of additional services to be provided
- Whether the account is discretionary or nondiscretionary (we typically charge more for nondiscretionary account management)
- Other professional services client may utilize from our affiliated firms

Family Office, in its sole discretion, may charge a greater or lesser investment management fee. In addition, employees, officers and partners of BKD may be charged a discounted rate.

Fees are calculated as follows:

$(\text{Account Value} \times \text{Annual Fee \%}) / 4 = \text{Quarterly Fee}$

### Investment Consulting Fees

Fees for investment consulting services and special projects are charged on an hourly, fixed, retainer or percentage-of-assets basis (or some combination). The agreed-upon fee may be more or less than other fee payment options. We may charge separately for expenses, such as travel and third-party products, necessary to provide consulting services.

Hourly rates range from \$100 to \$500 per hour, based on the knowledge and experience of the individual providing the work. Hourly fees are invoiced monthly.

Asset-based fees for investment consulting and other special projects are billed quarterly in advance. These fees are prorated for accounts opened or closed during a calendar quarter and are based upon the assets consulted on. The fee will typically range from 0.15 percent to 1.5 percent based on the complexity of the client's needs, frequency and types of reporting, analysis and manager performance plotting, among other factors (including many, but not all, of the criteria listed in the Investment Management Services section above).

Payment is due within 30 days of receipt of the invoice. In some cases, these fees may be deducted from client's account(s).

## **Fee Payment**

Advisory fees are charged quarterly, in advance, and are not tiered in their calculation. The initial quarterly fee will be charged in arrears, prorated based on the number of days the account was open during the initial quarter.

Unless directed otherwise, we will deduct your fees directly from your account on a quarterly basis. If requested, a copy of the invoice will be provided. We request payment in full within 30 days. Statements provided by your custodian will detail the total amount of the fees that were deducted each quarter. If the invoice(s) has not been paid in full within 60 days of receipt of the invoice, fees may be debited directly from your account(s). Fees are not verified by your custodian; it is your responsibility to do so.

## **Valuation of Securities/Accounts**

Your custodian is primarily used to price the securities in your account(s). If the market quotations are not available from the custodian, an Envestnet platform or a third-party provider may be used. If a pricing issue arises where there is no readily available pricing information, Family Office shall use its best efforts to obtain all relevant information in order to determine a fair value. If it is deemed necessary or prudent, an independent third party may be hired to provide an appraisal of the security.

We charge advisory fees based upon the valuation of your account(s) as determined by our internal portfolio management system, which interfaces and is reconciled with the custodian daily. The total portfolio value on which fees are based may vary from the value on the custodian statement (the valuation may be higher or lower) due to such factors as the timing and posting of dividends, settlement dates for trades and accrued interest (this may not be an all-inclusive list). The value of your account as of the last business day of the previous quarter (as shown in our internal portfolio management system) is used to determine the fees charged.

## **Bundled Pricing**

Bundled pricing services may be offered to clients of both Family Office and BKD. Bundled pricing is designed to provide the option of paying one fee for multiple services. At the discretion of BKD and Family Office, additional accounting services such as preparation of an individual tax return may be included as part of the standard advisory fee. At times, BKDFO will provide services through BKD, and billing will be generated by BKD—not through BKDFO.

## **TERMINATION**

All advisory agreements will continue in effect until terminated by either party under terms of the agreement. Termination of agreement will not affect the validity of any services previously provided by Family Office. Upon termination, the client will receive a refund of any prepaid and unearned advisory fees (prorated for the balance of the quarter, if needed). If services have been provided, fees are therefore due and payable and client will receive an invoice for the amount due. Any transactional or custodial charges levied by client's custodian after the termination of the advisory agreement are client's responsibility and not the responsibility of Family Office. We have no obligation to refund fees charged by the custodian.

## **ADDITIONAL COSTS**

All fees paid to Family Office for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus, which we recommend you review. These fees will generally include a management fee, other fund expenses and a possible distribution fee. You should review the fees charged by the mutual fund and the fees we charge to understand the total amount of fees paid, as investments in some mutual funds may be made by you, independent of and without the services provided by us.

Although Family Office may recommend and purchase no-load or load-waived mutual funds for client accounts, some funds held when opening an account may have imposed (or will impose) an initial or deferred sales charge. We do not participate in the sales charges charged by mutual funds.

We are not compensated based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds of any client. Advisory fees are charged only as described within this disclosure document. We do not have any potential conflicts of interest present that relate to any additional (and undisclosed) compensation from client or client's assets that we manage.

#### **Custodian Brokerage Transaction Fee Schedule**

All fees and transaction costs charged by the custodian are not included in the above fees. Please see Item 12 – Brokerage Practices below for more information on custodial fees.

### **Item 6 – Performance-Based Fees & Side-by-Side Management**

Family Office does not charge performance-based fees.

### **Item 7 – Types of Clients**

#### **INVESTMENT MANAGEMENT**

Family Office generally provides investment management to individuals and families.

There is no minimum dollar value to open or maintain an account. However, it should be noted that transaction costs will incur, which may impact performance. In addition, Family Office imposes a minimum annual fee of \$50,000 on the client's account.

### **Item 8 – Methods of Analysis, Investment Strategies & Risk of Loss**

#### **ANALYSIS**

Family Office utilizes a variety of resources and methods to conduct our analysis. These include, but are not limited to: fundamental analysis, technical analysis and cyclical information and analysis. Our primary resources for obtaining information are research materials prepared by others, financial newspapers and magazines, corporate rating services, company annual reports and press releases, prospectuses and SEC filings.

#### **INVESTMENT STRATEGIES**

Investment strategies are based on six fundamental investment beliefs:

- Global diversification reduces portfolio risk and improves return potential
- Both active and passive management have a place in portfolio design
- Investor emotions and behavior often impact investment results
- Initial valuation matters and is a critical factor in determining the future return potential of an asset class
- Substance is more important than form when selecting investments
- Minimizing tax consequences in the investment process is important

Our portfolio strategies are designed to suit each client's specific risk profiles, and our investment approach is long-term in focus. Where appropriate, we also may occasionally complement our core long-term strategy with short-term investments, including margin transactions and the purchase of stock options.

Family Office offers advice on a wide spectrum of investments and investment programs, including: short-term money market securities, corporate, municipal and U.S. government fixed income securities, exchange listed, over-the-counter and foreign equities, investment company securities such as mutual funds, separately managed accounts and annuities.

## **RISKS**

All investments in securities include varying degrees of risk. Stock markets and bond markets may fluctuate substantially over time. In addition, the performance of any investment is not guaranteed. Family Office will manage client assets to the best of the firm's ability; however, it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Family Office) will be profitable or equal any specific performance level(s).

The majority of Family Office's investment strategies will be executed with the use of publicly traded, managed vehicles such as open-ended mutual funds, exchange traded funds and separately managed accounts. These funds, as well as other investment types employed, may carry the following material risk: domestic market risk, international market risk, active management risk, interest rate risk, credit risk, issuer risk, liquidity risk, leveraging risk and currency risk.

## **Item 9 – Disciplinary Information**

Family Office is required to disclose all material facts regarding any legal or disciplinary events that would materially impact your evaluation of Family Office or the integrity of Family Office management. This statement applies to the firm and every employee. No events have occurred at Family Office that are applicable to this section.

## **Item 10 – Other Financial Industry Activities & Affiliations**

### **ACCOUNTING FIRM**

Persons associated with Family Office also may be partners or employees of BKD, a certified public accounting firm and the parent company of Family Office. In addition, all individuals employed with Family Office are considered dually employed by BKD. BKD's principal services include auditing financial statements and other financial statement services, preparing tax returns and other related accounting, business and tax services. BKD does not sell products other than computer software. Tax and related solutions provided to Family Office clients will be provided by BKD. We may recommend this accounting firm to clients in need of tax, accounting or business consulting services. These services are separate from our advisory services but may be bundled for pricing purposes as outlined above. You are not obligated to use BKD's services and may choose to engage the services of an unaffiliated accounting firm.

### **BROKER-DEALER**

We are, through common control and ownership, affiliated with BKD Corporate Finance, LLC, a limited purpose broker-dealer registered with the Financial Industry Regulatory Authority (FINRA) and the SEC. BKD Corporate Finance, LLC is licensed to perform certain investment banking functions, such as merger and acquisitions and business valuations. We may make uncompensated client referrals to this entity for services that may be useful

to our clients. You are under no obligation to utilize the services provided by BKD Corporate Finance, LLC. Besides these potential referrals, there is no material relationship between the services provided by BKD Corporate Finance, LLC and Family Office.

## **TIME SPENT ON OTHER ACTIVITIES**

CPAs who provide work for Family Office may spend more than 50 percent of their time on other activities.

## **Item 11 – Code of Ethics**

Through our professional activities, we realize a potential conflict of interest if the firm or individuals associated with the firm purchase or sell securities, for their personal accounts, identical to those recommended to clients. We may have an interest or position in one or more securities, which may also be recommended to you. However, Family Office has established rules of conduct for all employees and partners, which are designed to, among other things, govern personal securities trading activities in the accounts of employees. The Code of Ethics (Code) is based upon the principle that Family Office and its employees owe a fiduciary duty to Family Office clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid:

- Serving their own personal interests ahead of clients
- Taking inappropriate advantage of their position with the firm
- Any actual or potential conflicts of interest or any abuse of their position of trust and responsibility

The Code is designed to ensure that the high ethical standards maintained by Family Office continue to be applied. The purpose of the Code is to deter activities that may lead to or give the appearance of conflicts of interest, insider trading and other forms of prohibited or unethical business conduct.

Pursuant to Section 206 of the Advisers Act, both Family Office and its employees are prohibited from engaging in fraudulent, deceptive or manipulative conduct. Family Office has an affirmative duty of utmost good faith to act solely in the best interest of its clients.

Family Office requires all employees to sign an Acknowledgment of Receipt of the Code at the time of hire, as amended and annually thereafter. You may request a complete copy of Family Office's Code of Ethics by contacting the chief compliance officer, Nicole Conklin, via email at [nconklin@bkd.com](mailto:nconklin@bkd.com).

## **Item 12 – Brokerage Practices**

### **RECOMMENDATION OF A CUSTODIAN**

We generally recommend that all clients select National Financial Services LLC and Fidelity Brokerage Services, LLC (together with all affiliates [Fidelity]) as custodian in order to participate in our programs. Fidelity is a member of FINRA and Securities Investor Protector Corporation (SIPC) and is a registered broker-dealer. Fidelity maintains custody of clients' assets and effect trades in their accounts. Family Office is not affiliated with Fidelity. Although we normally recommend Fidelity, there may be instances in which another custodian may be used.

In recommending Fidelity, we have evaluated Fidelity and determined they offer our clients an excellent blend of service, financial strength, competitive commission rates and access to mutual funds otherwise not available to us or our clients, along with other factors. See the Additional Compensation section below for additional details.

We participate in back-office support programs sponsored by Fidelity. This program and the services provided, including trading platforms, are essential to our service arrangements and capabilities. As part of our participation in these programs, we receive benefits that we would not receive if we did not offer investment advice. See the Additional Compensation section below for additional details.

Under limited circumstances, Family Office may accept client instructions for directing the client's brokerage transactions to a particular custodian/broker other than those suggested by the firm ("directed brokerage"). In directing us to use a specific custodian, client should understand we will not have the authority to negotiate commissions among various custodians or obtain volume discounts. This also may impact our ability to achieve best execution.

Family Office does not participate in soft dollar arrangements. Family Office does not engage in principal, cross or agency-cross transactions for any client.

Even though we recommend a specific custodian, client should evaluate Fidelity to ensure the custodian selected will provide the best blend of service and cost for client. For clients' accounts maintained in its custody, Fidelity does not charge separately for custody but charges account holders commission or other transaction fees. The commission and transaction fees charged by Fidelity may be higher or lower than those charged by other broker-dealers. We generally do not have the authority to negotiate the commission that will be charged to any client who uses the brokers that we recommend on a trade-by-trade basis.

#### **BROKERAGE DISCRETION – TRADEAWAY FEES**

Relative to its discretionary investment management services, when beneficial to the client, individual fixed income transactions may be effected through broker-dealers other than the account custodian; in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a "tradeaway" fee charged by the account custodian.

Clients must qualify to participate in these transactions. We use this discretionary authority to trade away from the custodian when purchasing or selling fixed income securities only. It is not used in all cases. Reasonable restrictions on this authority may be imposed, as described above.

#### **NO BROKERAGE DISCRETION**

If the account does not qualify for tradeaways, we do not have the ability to trade at any other broker other than client's selected custodian. All transactions for client's account will be directed to client's custodian unless otherwise agreed upon.

#### **TRADE ERRORS**

From time to time, an error may occur when submitting a trade order on the client's behalf. If a trade error occurs in a client account and it is our error, we will correct the error so the client's account does not incur a loss. It is possible that a client may not profit from the error, even if the correction results in a profit.

#### **ADDITIONAL COMPENSATION**

In no case will BKDFO receive or participate in economic benefits resulting from a client using a recommended external consultant. Within certain qualified benefit plans, we also may receive, but are not compensated by, shareholder servicing fees from various mutual fund companies with respect to our clients whose assets are invested in those mutual funds. Fees range from five basis points to 50 basis points, depending on the mutual fund purchased. All shareholder service fees we receive from mutual funds are credited back to the respective client accounts or credited against any fees owed to us.

## **DEDICATED PLATFORMS**

Fidelity has a dedicated platform for family offices. This is a key reason for our selection of this firm. This platform provides us and our clients with benefits we may not receive from other firms, in terms of pricing and services. Fidelity also makes available services intended to help Family Office manage and further develop our business enterprise. These services may include compliance, legal and business consulting, publications and conferences on practice management, information technology consulting, technology, business succession, regulatory compliance consulting and marketing. In addition, they may make available, arrange and/or pay for these types of services rendered to Family Office by independent third parties.

Through the programs in place with Fidelity, we receive direct access to real-time client account information, electronic download of trades, balances and positions and the ability to directly debit client's advisory fee. We also may receive software and support services, including reductions in seminar and conference fees, from these program sponsors. Program services provided to us are not contingent upon any specific amount of business (assets or trading).

## **RESEARCH & ADDITIONAL BENEFITS**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular custodian, we may receive from Fidelity without cost (or at a discount) support services and/or products, certain of which assist Family Office to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Family Office may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Family Office in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that may be received may assist Family Office in managing and administering client accounts. Others do not directly provide such assistance but rather assist us to manage and further develop its business enterprise.

Clients do not pay more for investment transactions effected and/or assets maintained at Fidelity as a result of this arrangement. There is no corresponding commitment made by Family Office to Fidelity or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

The chief compliance officer, Nicole Conklin, remains available to address any questions regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

Family Office places trades for its client accounts subject to its duty of best execution and other fiduciary duties; however, Family Office's recommendation that clients maintain their assets at Fidelity may be based in part on the benefit to us of the availability of some of these products and services and not solely on the nature, cost or quality of their custody and execution services. This may create a potential conflict of interest.

## **BLOCK TRADING (MINI BLOCKS) & TRADE ALLOCATION**

We may aggregate purchases or sales of the same security for multiple accounts. We also may include employee transactions with those of nonaffiliated clients. Each account participating in the block will receive the average price if multiple executions are required to complete the order.

We may “mini block” transactions. Mini blocks are block trades segregated by custodian and office when purchasing or selling securities. Clients participating in a mini block do not receive the benefit of negotiated commissions, as we do not have that authority on an account-by-account or transaction-by-transaction basis. Because of our practice of managing portfolios on an individual basis, we do not frequently block transactions. This may result in clients not receiving best execution.

We may block multiple client accounts together that qualify for tradeaways. Such block trading is segregated by office. We do not aggregate block trades across accounts at all offices at the same time.

## **Item 13 – Review of Accounts**

### **INVESTMENT MANAGEMENT**

Each account receives an indirect review by the portfolio manager and/or the firm’s Investment Committee through the ongoing review of securities that occurs as we monitor and maintain our approved list.

Formal reviews are based on objectives and parameters established by the client through their individual risk tolerance survey and Investment Policy Statement. All client materials are reviewed by portfolio managers or advisors authorized to perform this function. Each reviewer handles a different number of client accounts, as the number varies by office. The number of reviewers may increase as client demand increases. We encourage annual reviews and face-to-face meetings.

### **REPORTS**

#### **Investment Management**

Investment management clients are provided a report on a quarterly basis. This report may identify some or all of the following information: current market value, capital contributions and withdrawals. In addition, a summary performance analysis report, which includes the portfolio rate of return, will be provided for the most recent quarter-end. This report also shows the return from inception of the account. Taxable clients may receive an annual realized gain and loss report for tax purposes. All reports are in addition to account statements and transaction confirmations received from client’s custodian.

#### **Investment Consulting Services & Financial Planning**

Regular reports are not provided to financial planning clients unless a plan update or additional service is requested. Regular reports are not provided to investment consulting clients unless outlined in the client agreement.

## **Item 14 – Client Referrals & Other Compensation**

Family Office has no active solicitor agreements. However, we continue to pay referral fees from prior agreements.

In the event we refer you to another service provider, we will not receive any compensation, directly or indirectly, for making such a referral. You should conduct your own inquiry regarding any such referrals to ensure they are qualified and meet your needs and select a different provider if you wish. We will coordinate our work, as appropriate and as requested, with any such other service provider but, absent a separate written agreement to do so, will not monitor or evaluate the work performed by the referred or any other service provider.

## Item 15 – Custody

Family Office is deemed to have custody of certain client funds and/or securities due to its affiliated entity BKD and when it directly debits advisory fees. Some of the partners of BKD and employees of Family Office also serve as trustees on certain client accounts managed by Family Office. In addition, some clients have authorized standing letters of authorization for Family Office to move money from clients' custodial account to a non-like titled third party. However, in accordance with Rule 206(4)-2 of the Advisers Act, all cash and securities are maintained with a "qualified custodian," clients receive account statements directly from the custodian on a quarterly basis and all clients are provided with a notification, in writing, of the name and contact information for the custodian (in addition to the reports provided by Family Office to all clients, as described in Item 13 – Review of Accounts above), clients will receive account statements directly from their qualified custodian at least quarterly. We urge the client to compare the account statements received from the qualified custodian to the account statements provided by Family Office.

## Item 16 – Investment Discretion

For the majority of the firm's investment management accounts, Family Office has the authority to determine, without obtaining specific client consent, the securities to be bought and sold in client accounts and the amount of such securities to be bought and/or sold. Any activity in your accounts will be made only in accordance with previously stated investment objectives and risk tolerance, as defined in your Investment Policy Statement. You may impose reasonable restrictions on this authority (please refer to Item 4 – Advisory Business above).

A fraction of the firm's accounts are deemed to be nondiscretionary at the time of account opening.

Family Office recommends certain broker-dealers, but each client must select their broker-dealer at the time of account opening. Family Office does not determine the amount of brokerage commissions to be charged for transactions in client accounts.

### **RETIREMENT ROLLOVERS NO OBLIGATION – POTENTIAL FOR CONFLICT OF INTEREST**

You are under absolutely no obligation to engage BKDFO as the investment advisor for your employer-sponsored retirement account. Typically there are four options regarding an existing retirement plan and you may choose a combination of these options: (1) leave the money in the former employer's plan, if permitted, (2) roll over the assets to the new employer's plan, if available and permitted, (3) roll over to an Individual Retirement Account (IRA) or (4) cash out the account value, which could, depending upon the client's age, result in adverse tax consequences. If BKDFO recommends that a client roll over their retirement plan assets into an account managed by BKDFO, such a recommendation creates a conflict of interest if BKDFO will earn new or additional advisory fees as a result of the rollover. To the extent that BKDFO recommends that clients roll over assets from their retirement plan to an IRA managed by BKDFO, then BKDFO represents that it and its investment advisor representatives are fiduciaries under the *Employee Retirement Income Security Act of 1974* (ERISA) or the Internal Revenue Code, or both. Again, you are under absolutely no obligation to engage BKDFO as the investment advisor for your retirement account. Chief compliance officer, Nicole Conklin, remains available to address any questions regarding the potential for conflict of interest presented by such a rollover recommendation.

### **ERISA/IRC FIDUCIARY ACKNOWLEDGMENT**

If the client is: (1) a retirement plan (Plan) organized under ERISA; (2) a participant or beneficiary of a Plan subject to Title I of ERISA or described in Section 4975(e)(1)(A) of the Internal Revenue Code, with authority to direct the investment of assets in his or her Plan account or to take a distribution; (3) the beneficial owner of an

IRA acting on behalf of the IRA; or (4) a retail fiduciary with respect to a plan subject to Title I of ERISA or described in Section 4975(e)(1)(A) of the Internal Revenue Code, then BKDFO represents that it and its representatives are fiduciaries under ERISA or the Internal Revenue Code, or both, with respect to any investment advice provided by BKDFO or its representatives or with respect to any investment recommendations regarding an ERISA Plan or participant or beneficiary account.

## **Item 17 – Voting Client Securities, *i.e.*, Proxy Voting**

We have adopted policies and procedures to help ensure that proxies are voted in client's best interest. We only vote proxies related to securities held by our clients who provide us with written authority to do so. This written authority is provided via client's executed portfolio management agreement unless otherwise indicated on their custodial paperwork.

ISS, an independent third party, has been retained to act as an independent voting agent. ISS' role is to execute the proxy voting and ensure that the voting procedures are completed and documented. Final voting decisions are based on a pre-established set of policy guidelines and on the recommendation of ISS, based on its independent, objective analysis. This process helps ensure that proxies voted are in the best interest of the clients and insulates, as much as possible, voting decisions from conflicts of interest. Should it be necessary, Family Office may override ISS vote recommendations. The chief investment officer and president will do so, however, only if they each believe that a different vote is in the best interest of its clients.

ISS may vote proxies for clients at the same custodian on an aggregated basis. Any questions regarding proxy voting should be addressed to client's advisor or chief compliance officer, Nicole Conklin, via email at [nconklin@bkd.com](mailto:nconklin@bkd.com).

### **INDEPENDENCE SECURITIES**

Family Office is affiliated with BKD, a public accounting firm. Due to this relationship, accounting industry standards apply. Accountants must maintain their independence when rendering accounting opinions. Consequently, certain securities are classified as independence securities or unmanaged by Family Office due to their affiliation with BKD. An independence security is considered to be a security of an issuer for whom BKD provides audit or attest work. Please note that investment advice is not rendered and fees are not charged by Family Office on these securities.

### **UNMANAGED SECURITIES**

Should a client's portfolio contain unmanaged or independence securities for whatever reason, such as when the account transfers to Family Office's management, the portfolio manager will either promptly sell the securities and reinvest the proceeds or place them on an unmanaged list so advice is not rendered and fees are not charged on these assets. Tax implications to the client also will be taken into account before the securities are sold.

Family Office will not provide investment advisory advice and will not charge a fee in relation to unmanaged securities. If a client seeks investment advice regarding such assets, Family Office will recommend an alternative security in order to maintain the independence of BKD. In some circumstances, Family Office may be allowed to charge a fee on independence securities. This could include separately managed accounts or accounts that have assets held away from Family Office and are consulting only in nature.

## **Item 18 – Financial Information**

Family Office does not require prepayment of advisory fees; therefore, the firm is not required to provide an audited financial statement.

### **Privacy Policy**

BKD Family Office values our relationship with you and considers your privacy an important priority in maintaining that relationship. We are committed to protecting the security and confidentiality of your personal information.

#### **SOURCES OF INFORMATION**

We collect nonpublic personal information about you from the following sources:

- Information we receive from you or your broker-dealer, investment advisor or financial representative through interviews, applications, agreements or other forms
- Information about your transactions with us, our affiliates or others
- Information we receive from your inquiries by mail, email or telephone

#### **INFORMATION COLLECTED**

The type of data we collect may include your name, address, Social Security number, age, financial status, assets, income, tax information, retirement and estate plan information, transaction history, account balance, payment history, investment objectives, marital status, family relationships and other personal information.

#### **DISCLOSURE OF INFORMATION**

We do not disclose any nonpublic personal information about our customers or former customers except as permitted by law. These permitted uses include the disclosure of such information to unaffiliated financial service providers and other companies for the following reasons:

- In order to provide you with products and services and to effect transactions that you request or authorize, we may disclose your personal information as described above to unaffiliated financial service providers and other companies that perform administrative or other services on our behalf, such as transfer agents, custodians and trustees, or that assist us in the distribution of investor materials such as trustees, banks, financial representatives, proxy services, solicitors and printers.
- We also may release such information about you if you direct us to do so, if we are compelled by law to do so or in other legally limited circumstances (for example, to protect your account from fraud).

#### **CONFIDENTIALITY & SECURITY**

With regard to our internal security procedures, BKD Family Office restricts access to your nonpublic personal information. In addition, all employees and partners of BKD are subject to confidentiality agreements as condition of employment. We maintain physical, electronic and procedural safeguards to protect your nonpublic personal information.

#### **POLICY UPDATES & INQUIRIES**

We reserve the right to modify this policy at any time; however, if we do change it, we will tell you promptly. For questions about our policy, please contact us.

BKD Family Office's chief compliance officer, Nicole Conklin, remains available to address any questions regarding this ADV Part 2A. She can be contacted via email at [nconklin@bkd.com](mailto:nconklin@bkd.com).