

# Form CRS: Client Relationship Summary



Beaumont Capital Management | June, 2020

## Item 1. Introduction

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Beaumont Capital Management, LLC (BCM) is an Investment Advisor registered with the Securities and Exchange Commission. Brokerage and investment advisory services and fees differ, and it is important for retail investors to understand the differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://Investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing. We encourage you to ask us for more information. On Page 2, there are some suggested questions you can use to start a conversation with us.

## Item 2. Relationships and Services

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### “What investment services and advice can you provide me?”

BCM is an asset manager. We offer a variety of Exchange Traded Fund (ETF)-based growth strategies that also have defensive capabilities. For a full description of our strategies, please visit <https://investbcm.com>. BCM does not provide any other planning, tax, or advisory services. We do generally require a minimum account size of \$250,000. Account requirements are fully described in our contract with you. While BCM conducts business with many types of clients and arrangements, we will have a direct relationship with you. To determine an appropriate strategy for your needs, we will review your financial situation, goals and timelines.

The BCM strategies are monitored in several ways: For example, every day the Portfolio Management (PM) team reviews the performance of each ETF and the portfolios as a whole. The Investment Committee typically meets weekly to review the investment systems and recommended position changes, if any. Since each strategy is run consistently for all investors in that strategy, there is no individual account review. Statements and confirmations come to you directly through your custodian.

In order to manage your account, BCM requires that you give us full authority to trade in your account. When you sign an investment management agreement with us, you give us discretion to determine which ETFs to buy or sell, the quantity of ETFs to trade, and the timing of those trades. Your contract describes the strategic allocations and/or risk targets for each strategy in which you are invested. You may not place any “do not buy” restrictions on any ETFs or tailor your account, as this would defeat the viability of the strategy. As of February 29, 2020, BCM had ~\$2,396,800,000 in total assets under management and assets under advisement.

We must abide by certain laws and regulations in our interactions with you. We are held to a fiduciary standard that covers our entire investment advisory relationship with you. Our interests can conflict with your interests. We must either eliminate these conflicts or explain them to you in a way you can understand, so you can decide whether or not to agree to them.

## Item 3. Fees, Costs, Conflicts, and Standard of Conduct

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### “What fees will I pay?”

Our most common management fee is 0.5% or 50 bps, as described in our contract. Additional costs include the management fees of the ETFs and custodial money market, various custodial fees, and trading costs (bid-ask spreads). If an ETF “create shares or redeem shares” process is used, there may be commissions paid on the buy or sell of the underlying securities. Most custodians we work with now trade ETFs with no commissions. You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce the value of your investments over time. *Please make sure you understand what fees and costs you are paying. For additional information about fees, please refer to your contract with us and Item 5 of our [Firm Brochure](#), which is available at [investbcm.com](https://investbcm.com).*

BCM will deduct from your account our asset-based fee against the total value of your account, in advance, on a quarterly basis. BCM has no termination fee, so any unearned fee will be returned at termination. We require a five-day notice of termination to settle any outstanding trades. As a tactical manager, we tend to trade our strategies more frequently than managers with a buy and hold philosophy.

## **“What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?”**

When we act as your investment advisor, we have a fiduciary duty to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. For example, asset-based fees will reduce the value of your account. If the value of your account goes up, we make more; if it declines, we make less. We therefore have incentive to increase the assets in your account in order to increase our fees. The fees that we receive differ depending on the channel, the size of the relationship, the strategy trade frequency, and the costs associated with researching and implementing each strategy. Additionally, we permit our employees to engage in personal securities transactions, which may result in them purchasing or selling the same securities as clients. Additional information about potential conflicts of interest is provided in Item 11 of our [Firm Brochure](#), available at [investbcm.com](http://investbcm.com). BCM has policies and procedures which are designed to mitigate conflicts of interest.

## **“How do your financial professionals make money?”**

We are compensated based on the amount of client assets we service. The fee we receive varies depending on the strategy, the trading frequency of the strategy, and the costs associated with implementing each strategy. Our financial professionals are employees of the firm. In addition to salary, your sales representative will typically receive part of the advisory fee as part of their compensation. Others, including sales management, may also receive part of the management fee. The PM's are all partners of the firm and are compensated, in addition to salary, from the profits of the firm. Discretionary bonuses may also be paid to all personnel. BCM has a match to our 401k plan, and profit-sharing contributions may also occur.

## **Item 4. Disciplinary History**

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### **“Do you or your financial professionals have legal or disciplinary history?”**

No. Please visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool you can use to research our firm and our [financial professionals](#).

## **Item 5. Additional Information**

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You can find additional information about our investment advisory services at: <https://investbcm.com>. Our disclosure brochure is available at the bottom of each page under “[ADV](#).” Please call 888-777-0535 to request current information and a copy of the relationship summary.

If you have any concerns about your investments, account, or investment professional, or about any of the information contained in this document, please contact Anne Archbald at [aarchbald@investbcm.com](mailto:aarchbald@investbcm.com). To report a problem to the SEC, visit [Investor.gov](http://Investor.gov) or call the SEC at (800) 732-0330.

## **Some Key Questions to Ask Us:**

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- 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?
- 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 is invested for me?
- How might your conflicts of interest affect me, and how will you address them?
- As a financial professional, do you have any disciplinary history? For what type of conduct?
- 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?

Disclosure Brochure for:

## **Beaumont Capital Management, LLC**

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This brochure provides information about the qualifications and business practices of Beaumont Capital Management, LLC (“BCM”). If you have any questions about the contents of this brochure, please contact Anne Archbald at the number above or by email at [aarchbald@investbcm.com](mailto:aarchbald@investbcm.com).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about BCM is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Beaumont Capital Management, LLC is an SEC Registered Investment Advisor. Registration does not imply a certain level of skill or training.

October 2020

**Item 2 – Material Changes**

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#### **4 A. Describe your advisory firm, how long you have been in business and identify primary owners.**

Beaumont Capital Management, LLC (“BCM”) is an ETF asset manager based in Needham, Massachusetts. In 2009, Beaumont Capital Management was created as a division of Beaumont Financial Partners, LLC in order to deliver tactical, rules-based investment strategies to financial professionals, institutions, and individuals. In late 2019, Beaumont Capital Management, LLC was formed as a separate legal entity and was spun off from Beaumont Financial Partners effective December 31, 2019.

Our roots are in wealth management, as Beaumont Financial Partners, LLC organized in 1999, and its predecessor firm, Beaumont Trust Associates, started as a registered investment advisor in 1981. H & Co. Financial Services, Inc. (H & Co.) was also founded in the early 1980s and merged into Beaumont Financial Partners in October 2000.

BCM offers growth strategies with defensive capabilities that seek to avoid large, bear market losses. Our strategies were developed to address the needs of clients after the 2000-02 and 2007-09 bear market drawdowns and what we believe to be the relative failure of traditional active management.

BCM is a privately held, limited liability company taxed as a partnership. The owners of BCM include David M. Haviland, via H & Co. Financial Services, Inc. (75% or more). Mr. Haviland is the President, 100% owner and sole shareholder of H & Co. Other BCM owners include Denis Rezendes, CFA; Brendan Ryan, CFA; Kaitlyn Kenney; and Courtney Doyle.

#### **4 B. Describe the types of advisory services offered.**

As an ETF strategist, BCM offers portfolios based on three rules-based investment systems: Decathlon, Paradigm, and Sector Rotation. All three systems share the same philosophy but are different in construct. We believe that investors are not risk adverse, but rather loss adverse, and thus our growth strategies all seek to avoid large, bear market losses. The Decathlon system is based on machine learning and uses pattern recognition technology to find desirable, repeating patterns in the price histories of the ETFs in its pool. Paradigm seeks to avoid periods of high volatility as large drawdowns often occur during periods of high volatility, and the strategy is implemented using factor or “smart beta” ETFs. The Sector Rotation system uses ETFs focused on the sectors of the S&P 500, is trend following, and is based on the premise that both positive and negative trends, once identified, tend to persist for long periods.

All BCM strategies use long-only Exchange Traded Funds (ETFs). BCM predominantly offers these strategies to investment professionals and institutions via four main channels of business:

- (1) Wrap fee programs, also known as Turnkey Asset Management Programs (“TAMPs”);
- (2) Sub-advisory contracts;
- (3) Dual (client) contracts and direct business; and
- (4) Solicitor arrangements.

The BCM strategies are offered in Separately Managed Account (SMA), Unified Managed Account (UMA), and model manager and model delivery formats.

BCM relies on the “Source Advisor” (hereinafter defined as an investment advisor or Registered Representative who appoints BCM as an investment manager for one or more of their investment advisory clients’ accounts) to successfully implement the know-your-client and suitability requirements under most TAMP and Sub-Advisory arrangements, and BCM is not involved in these processes for these channels. For dual contract, direct, and solicitor arrangements, in addition to any Source Advisor’s work, BCM will review each client’s current financial situation and ascertain their:

Investment objectives;

Risk tolerance, investment time horizons, and income needs;

Current investments and existing portfolio composition; and

Other information pertaining to their unique situation and familial considerations.

BCM will then work with each client to determine an overall asset allocation and help each client determine if a BCM portfolio might help them achieve their investment goals. BCM does not provide any other planning, tax, or advisory services.

**4 C. Explain if, and how you tailor your advisory services to the individual needs of clients. Also, explain if clients may impose restrictions on securities or types of securities.**

As an ETF strategist, BCM does not tailor our strategies to investors’ individual needs, nor do we allow restrictions to be placed on an account. The construct of our strategies does not lend itself to any variance, as each strategy will want to buy/sell an ETF looking for a specific exposure for defined periods of time. Removing an entire exposure would defeat the purpose of a rules-based investment process.

For TAMPs, institutions, and solicitor opportunities, the Decathlon and Paradigm systems are highly customizable and can be adapted to meet many mandates. Once these mandate strategies are set up, BCM cannot tailor to individual needs per the paragraph above.

Before agreeing to provide investment management services to sub-advisory, dual contract, and direct clients, BCM requires clients to affirm their understanding that the BCM strategies do not allow for tailoring to the individual needs of a specific client. To the extent that a client requires a more individualized service, BCM will not accept such business for lack of suitability.

**4 D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.**

BCM is a participating manager on multiple wrap programs. In a wrap fee program, a client is charged a single, bundled, or “wrap” fee for investment advice, brokerage services, and other administrative services. BCM receives an annual management fee, typically paid quarterly, from the total wrap fee paid by the client. The total wrap fee and BCM’s management fee will vary by strategy, custodian, and wrap program based on the circumstances and services provided.

Accounts invested in BCM strategies via wrap programs are managed consistently with other clients in the same strategy. The investment decisions are based primarily on quantitatively researched, rules-based systems, and all clients invested in a given BCM strategy should have the same investment allocation and trade dates. In rare circumstances, due to actions of third parties, trades may not settle

on the same date. Each wrap program and/or custodian has its own pre-determined trading schedules/trade cut-off times, account minimums, minimum fees as well as other terms and conditions and fees. BCM only receives a pre-determined management fee and receives no other compensation from a wrap program. Please see Item 5 for more information about fees and compensation.

The wrap program sponsors, also known as Third Party Asset Management Programs (TAMPs), are responsible for trade execution in most instances; therefore, the performance of two identical strategies may vary from one wrap program to another and from one custodian to another as trades are executed at different times.

**4 E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date “as of” which you calculated the amounts.**

As of June 30, 2020, BCM had ~\$2,449,988,594 in total assets under management and assets under advisement.

The amount of discretionary assets as of June 30, 2020 was ~\$97,283,423. This is the number that was reported as regulatory assets under management on Form ADV Part 1.

BCM’s assets under advisement totaled ~\$2,352,705,171 as of June 30, 2020. This figure includes assets from model management agreements, wrap programs, and other turnkey asset management programs.

**5 A. Describe how you are compensated for your advisory services. Provide a fee schedule and disclose if the fees are negotiable.**

BCM is paid a management fee on the assets we manage. The management fee BCM receives differs depending on the strategy, the TAMP, the trading frequency of the strategy, and the costs associated with implementing each strategy. A fee schedule is set by each TAMP, custodian and/or Source Advisor accessing the TAMP. BCM has no input to these fee schedules other than determining our management fee. Typically, any fee negotiation for advisor clients would be at or through the Source Advisor, custodian or TAMP.

For sub-advisory, dual contract, direct, and solicitor agreements, a BCM fee schedule is listed in each type of contract and is available upon request. The most common fee rate is 0.50%, but the fees that BCM receives differ depending on the channel, the size of the relationship, the strategy trade frequency, and the costs associated with researching and implementing each strategy. For “institutional sized” relationships or special circumstances, fees may be negotiated. The BCM Direct fee schedule is as follows:

| <b><u>BCM Sector Suite</u></b> |                         |    | <b><u>SMA</u></b><br>Annual<br><b><u>Fee Rates</u></b> |            |
|--------------------------------|-------------------------|----|--|------------|
| Account Size                   | \$100,000               | to | \$9,999,999  | 0.50%      |
|                                | \$10,000,000<br>or more |    |  | Negotiable |

| <b><u>BCM Decathlon Suite</u></b> |                         |    | <b><u>SMA</u></b><br>Annual<br><b><u>Fee Rates</u></b> |            |
|-----------------------------------|-------------------------|----|--|------------|
| Account Size                      | \$100,000               | to | \$9,999,999  | 0.50%      |
|                                   | \$10,000,000<br>or more |    |  | Negotiable |

| <b><u>BCM Paradigm U.S. Factor Suite</u></b> |                         |    | <b><u>SMA</u></b><br>Annual<br><b><u>Fee Rates</u></b> |            |
|--|-------------------------|----|--|------------|
| Account Size                                 | \$100,000               | to | \$9,999,999  | 0.50%      |
|  | \$10,000,000<br>or more |    |  | Negotiable |

| <b><u>BCM Income Strategies</u></b> |                     |  | <b><u>SMA</u></b><br>Annual<br><b><u>Fee Rates</u></b> |       |
|-------------------------------------|---------------------|--|--|-------|
| Account Size                        | \$50,000 or<br>more |  |  | 0.50% |

BCM does not double charge or receive duplicate fees for any services provided. For dual contract and sub-advisory business, there is a \$600 minimum account fee. This means accounts with a 0.50% strategy fee will pay more if the account is less than \$120,000, and for accounts with a 0.35% strategy fee, clients will pay more if the account is less than \$171,500.

**5 B. Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.**

For the vast majority of BCM's clients on all channels, our fees are deducted from client accounts on a quarterly basis (some in arrears, some up front, as each TAMP has its own fee calculation process). For TAMPs and most sub-advisory and dual contract business, the TAMP, fund, or source advisor normally calculates and deducts all fees. Fees for all channels are charged or refunded in a prorated manner to the end of the quarter upon inception or termination of an account. Custodial statements will reflect all fees deducted from an account.

For some dual contract, direct, and solicitor agreements, BCM management fees are also typically billed to client accounts.

A client, or BCM, may cancel the Investment Advisory Agreement at any time by providing five days' written notice to the other party. The notice period is to allow any outstanding transactions (trades, transfers, etc.) to settle. There is no termination fee for ending the relationship. In the event of a termination, the TAMP, custodian, source advisor, or, when appropriate, BCM will credit the client's account for any unearned fees paid to BCM. The fee and refund amounts are calculated on a pro rata basis for that (quarterly) period.

**5 C. Describe any other types of fees or expenses clients may pay in connection with your advisory services.**

As an ETF strategist, BCM uses ETFs and the custodial money market in the management of its strategies. Each ETF and money market will have its own management fee and other fees and expenses as described in the prospectus. In addition, there may be commissions associated with the buying or selling of these ETFs, depending on the custodian. Additional costs may include a spread paid between the bid and the ask prices of the securities being bought or sold.

It is important to note that other fees, including platform, custodial, and trading fees, will vary by custodian. Other fees paid by the client may include short-term trading fees, trade-away fees, wire fees, and other miscellaneous fees for services provided. Commissions and fees are sometimes negotiable at each custodian. The custodian/broker keeps 100% of all commission and transaction fees. A platform sponsor or custodian may charge additional minimum fees if certain account size minimums, or other requirements, are not met. BCM will not receive any of the commissions or fees mentioned in this answer.

Please see item 5 A. for more information.

**5 D. Disclose if your clients either may or must pay your fees in advance, and how they may obtain a refund and how it would be calculated if the advisory contract is terminated.**

As discussed in question 5 A., the fee billing methodology is determined by each TAMP. Some bill in advance, some in arrears. For business channels/arrangements where BCM is responsible for billing, BCM bills quarterly in advance using third party software. There are no termination fees. Any terminated account would have the unearned fee refunded on a pro-rata basis.

**5 E. Disclose if you or any of your supervised persons accepts compensation for the sale of securities or other investment products**

Neither BCM nor its supervised persons receive compensation tied directly to the sale of securities, including mutual funds, ETFs, or other investment products. Therefore, questions 5 E. 1-4 do not apply.

BCM sales consultants and sales management typically receive a percentage of the gross fee or other internal sales bonuses from BCM as part of their compensation packages. No client will pay any additional fee due to these arrangements.

There are instances when an ETF sponsor or other vendor will contribute to the cost of BCM attending a conference or similar industry event. BCM is ETF sponsor agnostic, and no associate receives any compensation due to these arrangements. Conversely, BCM may also provide modest support to an event hosted by an advisor or other distributor of the BCM strategies.

Please see Item 6 for related information.

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

**If you or any supervised person accept performance-based fees, or manage accounts that are charged a performance-based fee and charged another type of fee.**

BCM does not currently charge performance-based fees or any other fee except our management fees as described above.

### **Item 7 – Types of Clients**

**Describe the types of clients to whom you generally provide investment advice.**

BCM provides investment advice to many types of clients including:

1. Unaffiliated RIAs and broker-dealers
2. TAMP or wrap programs
3. Private family or multi-family offices
4. Bank and trust companies
5. Individuals/families
6. Trusts/estates
7. IRAs, 401(k), pension, profit sharing and other retirement plans
8. Corporations, non-profits

Many TAMPs and/or custodians set their own account minimums or charge minimum account fees. BCM has direct client account minimums of \$250,000 for all BCM strategies and a \$600 minimum account fee. This means that accounts with a 0.50% strategy fee will pay more if the account is less than \$120,000 and for accounts with a 0.35% strategy fee, clients will pay more if the account is less than \$171,500. However, related client accounts can be aggregated for acceptance, and if two accounts are used, the minimum client size is \$300,000 with a \$100,000 account minimum. Client minimums go up by \$50,000 for each account used in the aggregation (\$350,000 for three accounts; \$400,000 for four accounts; etc.). In limited circumstances, account minimums are negotiable at BCM's discretion. Depending on the TAMP and custodian, related accounts may also be aggregated for purposes of applying the fee schedule.

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

### **8 A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain the risk of loss that clients should be prepared to bear**

BCM uses three quantitatively researched, rules-based systems to manage assets. BCM conducts in-house research for the Paradigm and Sector Rotation suites. For its Decathlon series, BCM receives investment research from Algorithmic Investment Models, LLC (“AIM”), a joint venture research affiliate. BCM uses this research as the primary informational input in its management of the Decathlon strategies. With rare exception, the BCM Investment Committee reviews the research for all BCM strategies daily and engages in weekly meetings where they closely monitor the strategies. BCM has discretion to use this research as it deems appropriate, as well as public third-party sources of research for the fundamentally managed allocation of certain BCM strategies. BCM has full discretion on all three investment systems, including the frequency of trading.

The Decathlon system is designed to identify repeating patterns in market data caused by investor behavior. The global events that drive markets are constantly changing, but we believe investor behavior, specifically human reactions to varied market events, remains constant. By utilizing machine learning, specifically genetic programming, we believe the Decathlon system can identify these repeating patterns and use them to predict the relative returns of various securities. Every day, the Decathlon system produces rankings of an investment pool of ~130 ETFs representing the liquid global investment opportunity set (including many asset classes, multiple market capitalizations, global geographic exposure, and a broad selection of fixed income and currency ETFs). BCM manages this pool of ETFs based on desired exposure, liquidity, cost, and other factors. Therefore, the pool is subject to change. As of the third quarter of 2020, Decathlon trades dynamically, and we rebalance to an equal weight portfolio of the top ten ranked securities for each risk profile once a sufficient number of securities have fallen far enough in the rankings to justify the resulting trades. Decathlon’s process is subject to ongoing research and enhancement, with the goal of continuous improvement. The algorithms used by the system are usually optimized at least quarterly, or more frequently as dictated by market conditions. Decathlon is asset class agnostic, and asset allocation for each model (ignoring prospectus constraints) is typically determined by the ETF rankings. We also offer a tactically constrained global equity model, BCM Olympian Dynamic Equity, for clients who like the Decathlon story but prefer an all-equity portfolio.

The Paradigm system’s objective is to limit volatility and drawdown while pursuing desirable risk-adjusted returns in a core U.S. Equity portfolio, by identifying periods when equity investors are less likely to receive adequate compensation for assuming equity market risk. In such periods, the system can shift the portfolio towards traditionally defensive equity factors and/or allocate up to 100% of the portfolio in a cash substitute, typically a short-term fixed income ETF. Currently, we apply the Paradigm system to six commonly accepted equity factors: Momentum, Value, Dividend, Low Volatility, Quality, and Size. We believe factors provide differentiated risk exposures with low cross-correlations, excluding market exposure, and therefore may produce more consistent and distinct signals. Factor ETFs may introduce concentration risk as each factor ETF owns a subset of the broad market with similar securities. The Paradigm system analyzes the short- and long-term realized volatility for each individual factor. When realized volatility rises above an optimized threshold of short- and/or long-term realized volatility, the factor is deemed to be in a “volatile paradigm,” and that factor’s allocation will be reduced

or eliminated. Factors that remain in the portfolio after the primary volatility analysis are then risk weighted, with factors realizing lower relative volatility being given larger weights and vice versa. The maximum buy position is 30%. The BCM Paradigm strategies have the ability to trade on a weekly basis (which may result in higher trading costs due to more frequent trades), but have typically traded less frequently. BCM sets a “drift” percentage to minimize smaller trades from being processed and help to reduce unnecessary trading costs. The drift is essentially an allowable variance to the target allocation.

The Sector Rotation system is designed to limit volatility and drawdown of a core U.S. Equity portfolio through trend-following by owning, in equal weights, the sectors of the S&P 500 Index that have a positive trend. By defaulting towards an equal weight portfolio, the portfolio should be inherently more diversified than a market-cap weighted portfolio and thus generally less volatile. The system determines positive trends by utilizing multiple moving averages and additional volatility inputs. ETFs that are identified as having a positive trend are owned in equal weights until fewer than four sectors are owned, at which point we allocate to a cash substitute (investment grade, short-term bond ETF with a maximum duration of 1—3 years) in 25% increments. For example, if ten sectors are owned, each sector will have a 10% allocation in the portfolio; and if two sectors are owned, each sector will have a 25% allocation and 50% of the portfolio will be allocated to a short term bond ETF. The BCM Sector strategies have the ability to trade on a weekly basis (which may result in higher trading costs due to more frequent trades), or on a monthly basis. BCM has the ability to set a “drift” percentage to minimize smaller trades from being processed and help reduce unnecessary trading costs. The drift is essentially an allowable variance to the target allocation.

BCM adds its own global macroeconomic overlay and investment themes for the fundamentally managed International Equity and Global Macro Growth allocations in the Sector Rotation strategies. The global macro growth and international equity portions of the strategies may incur additional risk due to the added economic, currency exchange, political, social, and regulatory uncertainty and volatility.

There is also a fundamental fixed income allocation and a separate fixed income strategy. The investments for these fixed income components are typically determined during discussions, with research presented at weekly Investment Committee meetings.

In addition to these measures, our analysis includes the study, and daily review of, numerous trade publications, blogs, brokerage research, and corporate reports. We also utilize Bloomberg as a primary research tool.

It is important for investors to understand that investing in any type of security, including ETFs, involves material risks, including loss of principal. ETFs holding equities, commodities, and other risk assets typically experience more volatility over time than those that hold bonds. Bonds come with their own inherent risks, including interest rate risk, duration risk, credit risk, and reinvestment risk.

As applicable, the source advisor or the BCM relationship manager discusses investment risks with clients at the onset of the relationship to ensure the investor understands the risks associated with their investment strategy before investing their money.

BCM offers growth strategies with defensive capabilities. *It is important for clients to understand that no investment result is guaranteed, and that any BCM strategy can suffer large losses. Clients should be*

*prepared to bear this risk.* While all BCM strategies seek to avoid large losses, small to mid-sized losses are inherent in the investment process, and these will be experienced in all of the BCM strategies. There can be no assurance that a client will achieve his or her investment objectives.

The BCM strategies are not appropriate for all investors. While some of the strategies are intended to serve as standalone solutions, others are designed to be a supplement to, and not a substitute for, a well-diversified investment portfolio.

**8 B. For each significant investment strategy or method of analysis used, explain the material risks involved. Explain any significant or unusual risk and disclose how, if applicable, frequent trading can affect performance.**

BCM's rules-based strategies are tactical in nature and thus may have higher turnover and trading costs than other investment strategies. Higher trading costs will reduce performance commensurately. However, many major custodians have eliminated all trading commissions on ETF trades, while others have limited commission waivers in place, and others may offer asset-based pricing.

A material risk to owning a BCM strategy is timing risk associated with large asset allocation changes (i.e. selling a risk asset to own a short-term bond ETF). While all three BCM systems have rules that seek to avoid whipsaw, past trends, patterns and results may not repeat, and whipsaw (the process of selling to avoid future losses only to have the markets reverse sharply) may occur. This risk is also affected by the trading frequency of the strategy involved (i.e. weekly versus monthly).

A client's actual position weighting may vary from their long-term target allocations due to the tactical nature of the strategies (a strategy getting defensive or more aggressive), market fluctuation, investment gains/losses, contributions and/or withdrawals, and other circumstances. For direct BCM clients or solicitor arrangements, BCM asks clients to notify their Relationship Manager promptly, in writing, of changes to their financial situation and/or their investment objectives that may warrant a change to their long-term investment allocations.

Another material risk involves continuing research risk. While BCM strives to ensure that all research that seeks to enhance a strategy has been fully tested and vetted, there are no assurances the intended enhancements will materialize and add value. The BCM strategies may not be effective in all market conditions. The BCM strategies carry management risk, as there is no guarantee that the judgments of the BCM investment committee in implementing the models are sound or will result in profitable investments.

*Sector Rotation:* As with any equity strategy, the risk of a material loss is present despite the design of the strategies and their objective to avoid large losses. The strategic asset allocation to the sector rotation process within each sector rotation strategy will vary by strategy. This strategic asset allocation will typically equal weight the sectors owned. This approach, as opposed to market weighting, often leads to the BCM sector strategies being overweight or underweight to some sectors of the S&P 500. This could result in the strategy incurring concentration (non-diversification) risks.

*BCM Paradigm:* The suite utilizes a software system that attempts to allocate a higher percentage of the strategy to investment candidates that look attractive shorter-term, and less or none at all to those that are viewed as being less attractive shorter-term. This decision is predicated on a set of models created based on a variety of timeframes using ETF and index price data converted into a volatility signal from

which an ultimate determination is made about each candidate's overall attractiveness, i.e., a trade-off between potential return and potential risk (both volatility and drawdown). Factor ETFs may introduce concentration risk as each factor ETF owns a subset of the broad market with similar securities.

*BCM Decathlon:* The BCM Decathlon strategies are predictive in nature based on historical price patterns in various markets, sectors, etc. and will own ten equal weight positions from the ETF pool. Additional risk associated with these strategies would occur when current conditions are unique and unlike any historical patterns. Material risks also include investing in developed and emerging market equity and bond ETFs, commodity ETFs, currency ETFs, as well as U.S. based equity and bond ETFs. In addition, the strategies may focus on a particular sector or theme, and thus concentration risk may also be present.

As with all investments, there are associated inherent risks, including loss of principal. Many factors affect the value and performance of investments. Fixed income investments are subject to inflationary, credit, market, and interest rate risks. Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Sector and factor investments concentrate in a particular industry or investment attribute, and the investments' performance could depend heavily on the performance of that industry or attribute and be more volatile than the performance of less concentrated investment options and the market as a whole. Securities of companies with smaller market capitalizations tend to be more volatile and illiquid than larger company stocks. Smaller companies may have no, or relatively short, operating histories or be newly public companies. Foreign securities are subject to interest rate, currency exchange rate, economic, and political risks, all of which are magnified in emerging markets.

ETFs typically trade like stocks and are subject to investment volatility and the potential for loss. The principal amounts invested in ETFs are not protected, guaranteed or insured. Diversification into many ETFs does not ensure a profit or protect an investor from loss. The risks above are particularly significant for ETFs that focus on a single country or region. High portfolio turnover and frequent trading can result in lower returns due to an increase in trading costs, as well as an increase in realized capital gains/losses, which may increase the taxes paid by an investor.

Geopolitical events, natural and environmental disasters, public health threats, and other extraordinary events may occur and disrupt securities markets, leading to adverse effects on client investments. Clients may incur major losses in the event of disrupted markets and other events in which historical pricing relationships become materially distorted.

BCM may be subject to operational and information security risks due to cybersecurity attacks, as it is dependent on technology to perform essential business functions. Successful cybersecurity attacks may adversely impact BCM and its clients.

**8 C. If you recommend primarily a particular type of security, explain the material risks involved.**

BCM uses long-only ETFs and the custodial money markets in all of its strategies. Material risks include ordinary market risks as described above and concentration and liquidity risks. Concentration risk occurs when a strategy's holdings are concentrated in a limited number or type of security or in a particular region. Liquidity risk is the risk that a client account may not be able to buy or sell a security at a favorable price or time. In addition to an ETF being concentrated in a common set of securities, there

may be additional concentration risk if multiple ETFs with an overlapping exposure are owned at the same time. Decathlon has a maximum position size of 10%, but more than one ETF with similar risk characteristics may be owned. For purchases, Paradigm has a 30% maximum position size, and Sector Rotation has a 25% maximum position size, so a particular theme, sector or industry may be significantly over- or underweight in all three systems.

BCM periodically reviews the liquidity provided by each ETF in the investment pools. BCM screens ETFs for liquidity prior to using them. Liquidity can be in the form of the create/redeem process or in the normal trading markets. While we screen for adequate liquidity, there can be no assurance that a purchase or sale will not have an undue impact on the price of the purchase or sale. BCM will consider removing an ETF from a strategy's investment pool if it cannot meet the necessary minimum liquidity levels.

For certain types of commodity and currency ETFs, there may be unfavorable tax treatment, specifically higher tax rates, under certain conditions. In addition, an ETF may trade above or below its Net Asset Value (NAV), or the aggregate value of the underlying basket of securities of the index the ETF is tracking.

**Item 9 – Disciplinary Information Disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management.**

There are no legal or disciplinary events to report.

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

**10 A. Disclose any registrations as a broker-dealer or a registered representative.**

BCM is not registered with the Financial Industry Regulatory Authority ("FINRA") as a broker-dealer, nor is any associate licensed as a Registered Representative with a broker-dealer.

**10 B. Disclose any registrations (i.e. futures commission merchant, commodities, etc.).**

There are no registrations to report.

**10 C. Describe any relationship or arrangement, material to your advisory business or to your clients that you or any of your management persons have with any related person listed below:**

**1. Broker-dealer, municipal securities dealer, or government securities broker or dealer**

None.

**2. Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)**

None.

**3. Other investment adviser or financial planner**

Other than advisors being our main client base as described above, we have no relationship with any investment advisor that is materially different.

**4. Futures commission merchant, commodity pool operator, or commodity trading advisor**

None.

**5. Banking or thrift institution**

None.

**6. Accountant or accounting firm**

None.

**7. Lawyer or law firm**

None.

**8. Insurance company or agency**

None.

**9. Pension consultant**

None.

**10. Real estate broker or dealer**

None.

**11. Sponsor or syndicator of limited partnerships**

None.

Beaumont Financial Partners, LLC signed a licensing agreement with the principals of, and purchased a 10% ownership position in, AIM in 2012. Beaumont increased its ownership to 20% in 2018. BCM acquired the license and ownership in AIM on December 31, 2019 per the terms of the separation agreement. AIM provides investment research to BCM for its Decathlon strategies. In return for the research provided, BCM pays the principals of AIM a portion of the fees received by BCM from applicable strategies. BCM has a licensing agreement with AIM to be the sole domestic recipient of their research, with right of first refusal for any new research. BCM also receives profit distributions from AIM resulting from its 20% ownership.

BCM has entered two qualified and vetted solicitor arrangements. BCM does not receive additional compensation due to solicitor relationships, other than through fees generated from additional client assets, and the client generally will not pay additional fees because of these arrangements. The solicitor's compensation is negotiated between BCM and the solicitor, and the client does not pay an additional fee unless specifically disclosed and acknowledged in advance in the solicitor's fee disclosure. The solicitor is required to provide notice and certain required documentation to the client in accordance with the cash solicitation rule.

**10 D. Disclose if you receive compensation, directly or indirectly, for recommending or selecting other investment advisors for your clients.**

BCM is an asset manager and typically does not recommend or select other investment advisors. In the event that BCM does recommend another investment advisor to a client, and some or all of that client's portfolio is invested in a BCM strategy, BCM would receive indirect compensation in the form of the BCM management fee.

**Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

**11 A. If you are an SEC-registered advisor, briefly describe your code of ethics adopted pursuant to SEC rule 204A1 (or similar state rule). Explain that you will provide a copy of your Code of Ethics to any client or prospective client upon request.**

BCM has a Code of Ethics (the "Code") which is updated as needed on an ongoing basis. As summarized by the SEC, Rule 204A-1 states: "The codes of ethics must set forth standards of conduct expected of advisory personnel and address conflicts that arise from personal trading by advisory personnel. Among other things, the rule requires advisers' supervised persons to report their personal securities transactions..."

At the onset of their employment at BCM, new employees receive training and sign an acknowledgement of their understanding of the Code. Additionally, each year all employees recertify their understanding of and compliance with this document. The Code of Ethics specifically addresses employee trading, conflicts of interest, and compliance protocols in an effort to educate employees and prevent wrongdoing from occurring. It also includes a section regarding compliance review of initial employee holdings and the quarterly review of all employees' personal trades to ensure necessary trade pre-authorizations were obtained.

The Code addresses various other items as well, including information about employee reporting of violations they discover; insider trading; employee education and acknowledgement; and record keeping requirements.

BCM will provide a copy of its Code of Ethics, upon request, to any client or prospective client. Please submit requests by email ([aarchbald@investbcm.com](mailto:aarchbald@investbcm.com)).

**11 B. If securities in which you or a related person has a material financial interest are recommended to clients, or bought or sold for client accounts, describe your practice and discuss the conflicts of interest it presents.**

BCM is only compensated by its management fees and has no material interest in any other security/investment. These fees are not based on the securities bought or sold in client accounts; nor is employee compensation based on the ETF investments made on behalf of clients or by recommending or using specific ETFs.

BCM and its related persons do not buy securities from or sell securities to clients; act as a general partner in a partnership for purposes of soliciting client investments; or act as an investment adviser to an investment company that is recommended to clients.

**11 C. If you or a related person invests in the same securities, or related securities, that you recommend to clients, describe your practice and discuss the conflicts of interest this presents.**

BCM's Managing Partner and Portfolio Manager has 100% of his non-cash investible assets invested in BCM strategies. Other BCM employees can and have invested in the same securities or BCM strategies as clients.

Compliance has implemented policies and procedures designed to mitigate any potential conflicts of interest. If BCM employees invest in a BCM strategy, such accounts trade with client accounts as part of a block trade. Employees are not required to obtain pre-approval from Compliance for trades made within a BCM strategy. We believe this policy does not present a conflict of interest.

For employee personal trades outside of the BCM strategies, Compliance pre-clearance is required for most types of securities. When an employee submits an individual ETF trade for pre-approval, Compliance will check with a PM to ensure the purchase or sale is not being contemplated by a BCM strategy before approving the trade. Compliance attempts to avoid approving trades that will violate, or give the appearance of violating, the rules of front-running and other regulations. The clients' best interest is the primary consideration before approving or executing employee trades. To the extent possible, employee trades will be blocked with client trades. Compliance also conducts post-trade review of employee personal account statements to ensure BCM's policies and procedures governing securities trading were not violated.

BCM associates can place trades in mutual funds without compliance approval, given the inability of an individual to affect its market price and the price being determined at the market close each day.

**11 D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for their own account, describe your practice and discuss the conflicts of interest it presents.**

Please see response to Items 10 and 11 C.

As mentioned above, all active employee and client account transactions in the same strategy are executed in block trades by a TAMP/custodian when possible. Instances where trades for a strategy may not receive the same price as other accounts being traded include when an account is changing strategies (from one to another) or new money is being invested (because the trades would be submitted separately from the active strategy trade submissions). Similarly, wrap program trades placed at different custodians will not always get the same execution price, and each channel may have different execution prices as each program/custodian/firm executes at different times.

BCM has several policies, including a Code of Ethics, to address the potential for conflicts of interest which may arise through personal trading. Compliance may restrict the timing that employees may trade a security under consideration by the Investment Committee for client accounts. In addition, the firm has policies and procedures intended to address and prevent insider trading.

**Item 12 – Brokerage Practices**

**12 A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation**

**1.a-f – Related to research and soft dollar benefits, markups or markdowns.**

As described above, BCM does not typically choose the broker-dealer or custodian used. Custodial selection is done by the source advisor or client for TAMP, sub-advisory, dual contract and institutional arrangements. For direct and some solicitor business, the client must choose one of the custodians with which we have trading and other electronic connectivity in order to manage their account.

BCM does not engage in any soft dollar commission arrangements or any markups or markdown arrangements.

**2.a-b – Disclose any potential incentives in recommending a specific broker-dealer.**

BCM and its supervised persons do not have any incentive to recommend a specific broker-dealer. Please also see Item 14.B for additional information.

**3. Directed Brokerage.**

BCM does not allow Directed Brokerage by any client.

**12 B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts.**

Please see item 11 C. One of the benefits of using TAMPs is that they automatically aggregate trades by broker-dealer and/or a larger set of broker-dealers and execute our trades, on all client accounts under each TAMP's control, for the collective client benefit. For the trading that BCM controls, we will aggregate trades for each custodian for execution and, if circumstances warrant and permit, we may aggregate trades for multiple custodians into "super-blocks" and execute a create/redeem process as described below.

When buying or selling large share amounts, BCM may recommend that a TAMP/custodian use the ETF create/redeem process. This process allows liquidity providers (LPs) to buy or sell the underlying basket of securities that make up an ETF and literally create or redeem shares of the ETF. This process most often allows massive liquidity to be accessible above and beyond the ETF's own trading liquidity. As part of our best execution duties, we may find a better price at one LP versus another and may suggest that LP be used at the custodial and/or TAMP level. The LP will then block/aggregate some or all of certain ETF transactions. While these LPs perform create/redeem services and can help achieve best execution, the TAMPs and custodians are typically responsible for trade execution, including block trading.

Please also see Item 10.C. for additional brokerage information and Items 11.C. and 11.D. for additional aggregation practices.

## **Item 13 – Review of Accounts**

### **13 A. Indicate the frequency of review of client accounts and the nature of the review.**

As BCM is primarily an asset manager, the most common review is from the Investment Committee (IC) at the strategy and position level. The IC typically meets at least weekly to go over the signals for the three rules-based systems. The IC will then determine the appropriate course of action and implement trades accordingly.

The three Portfolio Managers (PMs) receive a daily ETF position drawdown report, performance report, and attribution report for all of the holdings and/or strategies. These reports may create the need for additional IC meetings and action. The PMs conduct monthly calls and write quarterly reports as other means of keeping clients and advisors abreast of the BCM strategies.

The custodians/TAMPs are responsible for handling cash deposits/withdrawals and ensuring that each account is invested according to the BCM model. For most sub-advisory, dual contract, direct and solicitor business, BCM uses certain third-party account management systems. These systems allow us to see, on a daily basis, any account out of model and take appropriate action. The Source Advisor also bears the responsibility to review each account for investment in the correct BCM strategy, suitability, and know-your-client requirements. For direct business, please see item 4 B. for related information. The client is responsible for informing BCM of any material change to their financial circumstances that would warrant an account review. Otherwise, the above outlined review process would also apply.

### **13 B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review.**

Please see Item 13 A.

### **13 C. Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.**

BCM produces quarterly reviews and holds quarterly calls for clients who wish to access information on the strategies for the past quarter. We also send “From the Desk of the PM” communiques to our clients during times of market stress or for other timely communications. As an ETF strategist, BCM is not responsible for sending performance reports to most clients; this is the responsibility of the custodian, the TAMP, and/or the Source Advisor. For direct business or if requested, our third party account management systems produce industry standard performance and position reports (including the number of shares, the positions and symbols, the cost basis, any dividend income, and return by position and account) that can be mailed to clients based on their preference. Some clients may want no written reports from BCM as what they receive from the custodian is sufficient; some may want quarterly reports from both BCM and the custodian/TAMP. It is client need driven. However, all clients will still receive custodial statements directly from their custodian.

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

### **14 A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement.**

Please see Items 5 A-E. There are instances where an ETF sponsor or other vendor will contribute some or all of the cost of BCM attending/speaking at a conference or similar industry event. BCM is ETF sponsor agnostic, and we select the ETFs we use based on factors such as the exposure desired, index followed, liquidity, expense ratio, no K-1s and length of track record.

### **14 B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and compensation.**

BCM has implemented solicitation arrangements with unaffiliated third parties in accordance with Rule 206(4)-3 under the Investment Advisers Act of 1940.

- Clients are informed of any such arrangements, and the nature of the relationship as applicable, at the time of the referral and prior to entering into an advisory agreement with BCM.
- The solicitor will provide a copy of BCM's Disclosure Document (Form ADV Part 2) to the client.
- BCM will not sign a contract with a client referred by a solicitor until proof that the required solicitor's disclosures (including this Form ADV Part 2) have been provided to the client is given to BCM by the solicitor.
- Solicited clients generally will not pay additional fees or commissions for a solicitor's service. The solicitor's disclosure document will fully identify additional fees, if any.
- The solicitor does not have a disciplinary history.

BCM has employees who are investment advisory representatives of the firm. BCM may pay these employees additional compensation for their efforts in bringing in new clients and servicing existing clients.

BCM occasionally will compensate certain financial intermediaries, including TAMPs, broker-dealers, and investment advisors, to promote our investment advisory services through:

- Increased visibility on their website or portal system;
- Participation in their marketing efforts;
- Participation in client events;
- Opportunities for BCM personnel to present its investment strategies to the intermediary's sales force and/or clients at conferences, seminars, webinars, or other programs (or helping to facilitate or provide financial assistance for such events);
- Access (in some cases, on a preferential basis over other competitors) to individual members of their sales force or management as incentives to certain financial intermediaries to promote our investment advisory services.

We compensate financial intermediaries differently depending on the aforementioned service(s) they provide.

### **Item 15 – Custody**

**If a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive them, and that they will also receive account statements from you. Include a statement urging clients to compare the account statements**

As an ETF strategist, BCM relies on the custodian, the TAMP and/or the Source Advisor to send statements, trade confirmations, and/or performance reporting to end clients.

For direct clients and solicitor arrangements, if requested, BCM may send basic reporting and/or performance statements. Clients are encouraged to review their custodian account statements and confirmations closely, and contact BCM promptly if they have any questions. The calculated values may vary slightly between BCM and a custodian. This may occur if one side bases the value on trade date whereas the other values securities based on the settlement date, or if a custodian has slightly different security prices. If a client notices any major discrepancies or any suspicious activity while reviewing their statements from the custodian or a report received directly from BCM, they should contact their relationship manager or BCM's Chief Compliance Officer immediately at 888-777-0535.

BCM does not directly maintain physical custody of client funds or securities, nor does it accept the delivery of funds or securities in the form of cash or in the name of the firm. Custodians send, or make available, monthly or quarterly statements, depending on the custodian, directly to clients. These statements include details about the account balances, market value of securities held, and all individual transactions executed in the account during the period. Confirmations are provided by each custodian to clients based on the delivery method selected, and clients are often able to sign up for continuous electronic account access.

Neither BCM nor its employees have any trustee or other powers to withdraw funds from a BCM managed account, so there will be no need to have an annual surprise audit under SEC Rule 206(4)-2.

### **Item 16 – Investment Discretion**

**Describe the procedures you follow before you assume discretionary authority to manage client accounts and any limitations the client may place on this authority.**

BCM accepts discretionary authority to manage client accounts and the underlying securities on clients' behalf through investment advisory agreements. In order to actively manage client assets, BCM must have authority to trade in client accounts and specify the amount of securities to invest. Before directing investment of an account's principal and income, BCM ensures that clients and a firm representative sign a contract granting discretionary authority to BCM on the client's account. Although it is not current practice to do so, BCM's direct client Advisory Agreement gives BCM authority to select and use sub-advisors if any future need arises. Please see Item 4 C. for more information on this authority.

Clients may not place any restrictions on BCM's discretionary authority. With thousands of accounts on over a dozen TAMP platforms and channels, BCM does not have the capability to manage the strategies without full discretionary authority or the authority granted us in the TAMP contracts.

## **Item 17 – Voting Client Securities**

**17 A. Do you have, or will you accept, authority to vote client securities, and briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.**

BCM does not vote proxies on behalf of its clients unless contractually obligated to do so. BCM's own Investment Advisory Agreements grant BCM the legal ability to vote proxies in case a future need arises, but state that BCM's policy is generally not to vote proxies. Accordingly, we are not required to take action on proxy votes with respect to the accounts governed by these contracts.

In some cases, however, BCM may be obligated by other contractual terms to vote proxies for certain accounts; in such cases, BCM will uphold this obligation and has designed policies and procedures to ensure voting occurs in a manner that reflects the best interest of the affected clients. For any proxy received and for which BCM is legally required to vote, BCM will vote with management's recommendation, unless there are unusual or extenuating circumstances. BCM will keep records of proxy materials and votes.

As a matter of practice, proxy votes on ETFs are relatively rare compared to individual equities and other types of securities. If our current proxy policy changes, we will promptly notify our clients. To obtain a copy of BCM's proxy voting policy, please contact Anne Archbald at [aarchbald@investbcm.com](mailto:aarchbald@investbcm.com).

**17 B. If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you.**

Please see 17 A. above. Most custodial account applications give the client the option to have proxy ballots sent directly to them or to their Source Advisor. Unless contractually obligated, BCM will not vote proxies on their behalf. Direct clients are encouraged to contact their relationship manager with any proxy related questions.

## **Item 18 – Financial Information**

**18 A. If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.**

**Note: If you are a sole proprietor...**

**Note: If you have not completed your first fiscal year, include a balance sheet dated not more than 90 days prior to the date of your brochure.**

**Exception: You are not required to respond to Item 18.A of Part 2A if you also are: (i) a qualified custodian as defined in SEC rule 206(4)-2 or similar state rules; or (ii) an insurance company.**

**18 B. If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance...**

**Note: With respect to Items 18.A and 18.B, if you are registered or are registering with one or more of the state securities authorities...**

**18 C. If you have been the subject of a bankruptcy petition...**

Items 18 A - 18 C. do not apply.

**Item 19 – Requirements for State-Registered Advisers**

**A. If you are registering or are registered with one or more state securities authorities...**

**B. Describe any business in which you are actively engaged**

**C. In addition to the description of your fees in response to Item 5 of Part 2A, if you or a supervised person is compensated for advisory services with performance-based fees, explain how these fees will be calculated.**

**D. If you or a management person has been involved in one of the events listed below: 1. an award or otherwise found liable in an arbitration claim alleging damages in excess of \$2,500 2. An award or otherwise found liable in a civil, self-regulatory organization, or administrative proceeding**

**E. In addition to any relationship or arrangement described in response to Item 10.C. of Part 2A, describe any relationship or arrangement that you or any of your management persons have with any issuer of securities that is not listed in Item 10.C. of Part 2A.**

19.A – 19.E. are not applicable. BCM has registered with the SEC and is not a State-Registered Advisor.

**Item 20 – Other, Miscellaneous Items**

**Beaumont’s Office Locations**

The BCM home office is located at 75 2<sup>nd</sup> Avenue, Suite 700, Needham, MA 02494. BCM has several employees that work from their home offices in Florida, New Jersey, and Massachusetts.

**Class Action Settlements**

Periodically, the securities held in client accounts may be the subject of class actions lawsuits. BCM has no obligation to determine if the securities held by clients are subject to a pending or resolved class action lawsuit, nor any duty to evaluate a client’s eligibility to participate in the proceeds of a securities class action settlement. Furthermore, BCM has no obligation or responsibility to initiate litigation, submit a claim or recover damages on behalf of clients who may have been impacted because of actions, misconduct, or negligence by corporate management of issuers whose securities are/were held in client accounts.

Part 2B of Form ADV: *Brochure Supplement*

Firm Name: Beaumont Capital Management, LLC  
Business Address: 75 2<sup>nd</sup> Avenue, Suite 700  
Needham, MA 02494  
Telephone Number: (888) 777-0535

**Item 1 – Cover Page (name and birth year)**

**Item 2 – Educational Background (post high school) and Business Experience (past 5 years)**

**Item 3\* – Disciplinary Information**

**Item 4\* – Other Business Activities**

**Item 5\* – Additional Compensation**

**Item 6 – Supervision**

**Item 7\* – Requirements for State-Registered Advisers**

\*The response to Items 3, 4, 5 and 7 is “Not applicable” for employees on the following pages unless indicated otherwise.

*This Beaumont Capital Management, LLC brochure supplement provides additional information about registered employees/partners of the firm. You should have previously received a copy of our Form ADV Part II. Please contact Anne Archbald (aarchbald@investbcm.com), Chief Compliance Officer, if you did not receive the brochure or if you have any questions about the contents of this supplement. Additional information about registered individuals is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

October, 2020

**Item 1 – David M. Haviland** (1963)

**Item 2** – University of Vermont, BA, 1986

Beaumont Capital Management, LLC – Managing Partner, Lead Portfolio Manager, 2020 – current

Beaumont Financial Partners, LLC – BCM Portfolio Manager, 2009 – 2019

Beaumont Financial Partners, LLC – Managing Partner/Relationship Manager, 2000 – 2019

**Item 6** – Mr. Haviland is supervised by the other Partners and by an investment committee. The committee (of which he is a member) discusses appropriate investments for the firm’s investment strategies; and the other Partners, as Investment Advisory Agents, are responsible for periodically reviewing Mr. Haviland’s activity.

**Item 1 – Daniel Dixon** (1957)

**Item 2** – Coastal Carolina University, BS, 1984

Beaumont Capital Management, LLC – Senior Regional Consultant, 2020 – current

Trident Distribution Partners, LLC – Partner, 2014 – 2020

Joseph Grace Holdings, Inc. – Registered Representative, 2015 – 2020

Triboro Investment Management – Director of Marketing, 2013 – 2015

Grant Williams L.P. – Registered Representative, 2009 - 2013

**Item 5** – BCM internal and external regional consultants, as well as national accounts and sales management, typically receive commissions or other internal sales bonuses from BCM as part of their compensation packages. No client will pay any additional fee due to these arrangements.

**Item 6** – Mr. Haviland and Mr. Michael Dennehy are responsible for supervising Mr. Dixon’s day-to-day responsibilities, and for his business and professional development.

**Item 1 – James J. Bulger** (1972)

**Item 2** – University of Rhode Island, BA, 1995

Beaumont Capital Management, LLC – Senior Regional Consultant, 2020 – current

Beaumont Financial Partners, LLC – Regional Sales Consultant, 2014 – 2019

AssetMark Brokerage, LLC – Mass Transfer, 2014

Centurion Capital Group, Inc. – Regional Sales Consultant, 2013 – 2014

Capital Brokerage Corporation – Senior Regional Consultant, 2011 – 2014

**Item 5** – BCM internal and external regional consultants, as well as national accounts and sales management, typically receive commissions or other internal sales bonuses from BCM as part of their compensation packages. No client will pay any additional fee due to these arrangements.

**Item 6** – Mr. Haviland and Mr. Dennehy are responsible for supervising Mr. Bulger’s activities and day-to-day responsibilities, and for his business and professional development.

**Item 1 – Brandon Anderson** (1982)

**Item 2** – Suffolk University, BS, 2006

Beaumont Capital Management, LLC – Regional Consultant, 2020 – current

Beaumont Financial Partners, LLC – Regional Sales Consultant, 2018 – 2019

Beaumont Financial Partners, LLC – Internal Sales Consultant, 2017 – 2018

Pioneer Investments – Internal Sales, 2007 – 2017

**Item 5** – BCM internal and external regional consultants, as well as national accounts and sales management, typically receive commissions or other internal sales bonuses from BCM as part of their compensation packages. No client will pay any additional fee due to these arrangements.

**Item 6** – Mr. Haviland and Mr. Dennehy are responsible for supervising Mr. Anderson’s activities and day-to-day responsibilities, and for his business and professional development.

**Item 1 – Courtney A. Doyle** (1987)

**Item 2** – Bentley University, BS, 2010

Beaumont Capital Management, LLC – Partner, Director of Marketing, 2020 – current

Beaumont Financial Partners, LLC – Director of Marketing, 2018 – 2019

Beaumont Financial Partners, LLC – Marketing Manager, 2014 – 2018

Get in Shape Franchise, Inc. – National Marketing Manager, 2013 – 2014

**Item 6** – Mr. Haviland is responsible for supervising Ms. Doyle’s activities and day-to-day responsibilities, and for her business and professional development.

**Item 1 – Brendan D. Ryan, CFA\*** (1989)

\*Chartered Financial Analyst

**Item 2** – Boston College, BA, 2011

Beaumont Capital Management, LLC – Partner, Portfolio Manager, 2020 – current

Beaumont Financial Partners, LLC – Assistant Portfolio Manager, 2019

Beaumont Financial Partners, LLC – Research Analyst, 2015 – 2019

Beaumont Financial Partners, LLC – Sales Support/Investment Advisory Agent, 2012 – 2015

**Item 4** – Typically one day per week, Mr. Ryan assists BCM’s joint research affiliate, Algorithmic Investment Models (AIM), with research pertaining to some BCM strategies. This research includes learning how to run, repair and enhance the Decathlon system. We see no material conflict of interest. Mr. Ryan also serves as a board member on the DWS RIA Advisory Board, engaging in networking and idea sharing within the national RIA community. This consists of a few hours of involvement per month.

**Item 6** – Mr. Haviland is responsible for supervising Mr. Ryan’s activities and day-to-day responsibilities, and for his business and professional development.

**Item 1 – Samuel Warner** (1992)

**Item 2** – University of Massachusetts-Dartmouth, BS, 2014

Beaumont Capital Management, LLC – Investment Consultant, 2020 – current

Beaumont Financial Partners, LLC – Internal Sales Consultant, 2019

MML Distributors LLC – Registered Representative, 2015 – 2018

Mass Mutual Life Insurance Company - Trainee, 2015 – 2018

Mass Mutual – Seasonal Tenant Services Contractor, 2008 – 2015

**Item 5** – BCM internal and external regional consultants, as well as national accounts and sales management, typically receive commissions or other internal sales bonuses from BCM as part of their compensation packages. No client will pay any additional fee due to these arrangements.

**Item 6** – Mr. Haviland and Mr. Dennehy are responsible for supervising Mr. Warner’s activities and day-to-day responsibilities, and for his business and professional development.

**Item 1 – Jared Klapman** (1993)

**Item 2** – Suffolk University, BS, 2017

Beaumont Capital Management, LLC – Regional Consultant, 2020 – current

Longboard Asset Management, LP – Business Development Representative, 2018 – 2019

Pioneer Investments – Business Development Intern, 2017

**Item 5** – BCM internal and external regional consultants, as well as national accounts and sales management, typically receive commissions or other internal sales bonuses from BCM as part of their compensation packages. No client will pay any additional fee due to these arrangements.

**Item 6** – Mr. Haviland and Mr. Dennehy are responsible for supervising Mr. Klapman’s activities and day-to-day responsibilities, and for his business and professional development.

**Item 1 – Denis J. Rezendes, CFA\*** (1993)

\*Chartered Financial Analyst

**Item 2** – Babson College, BS, 2014

Beaumont Capital Management, LLC – Partner, Portfolio Manager, 2020 – current

Beaumont Financial Partners, LLC – Assistant Portfolio Manager, 2018 – 2019

Beaumont Financial Partners, LLC – Research Analyst, 2015 – 2018

Beaumont Financial Partners, LLC – Internal Operations Specialist, 2014 – 2016

**Item 4** – Typically one day per week, Mr. Rezendes assists BCM’s joint research affiliate, Algorithmic Investment Models (AIM), with research pertaining to some BCM strategies. This research includes learning how to run, repair and enhance the Decathlon system. We see no material conflict of interest.

**Item 6** – Mr. Haviland is responsible for supervising Mr. Rezendes’ activities and day-to-day responsibilities, and for his business and professional development.

## **CLIENT PRIVACY POLICY NOTICE**

This informational notice covers how Beaumont Capital Management, LLC (“BCM”) safeguards your non-public personal and financial information.

Protecting the privacy of client information is one of our fundamental responsibilities. This notice summarizes our policy regarding the confidentiality and nondisclosure of client information. We do not sell or rent any personal information we gather from clients and will only share such information with others as stated in this notice.

### **Personal Information Collected**

Dual contract, subadvisory, solicitor arrangement, and direct BCM clients may provide information concerning their personal identity and circumstances, family, or entity to BCM. Information we request may include:

- Name, address, phone number, social security number, tax identification number, and date of birth.
- Assets, employment history, income, liabilities, retirement goals, and legal documents.
- Account balances, account numbers, statements, and custodians.
- BCM or the custodian may require a photocopy of a valid driver’s license, passport, green card, or military identification when opening new accounts for clients. Many financial institutions in the United States require a copy of at least one of these documents to comply with the USA PATRIOT Act.

BCM may receive client information from custodians or TAMPs including:

- Duplicate copies of monthly statements and trade confirmations.
- Daily electronic downloads of clients’ account information (e.g., all transactions and positions).

The custodian, source advisor, and/or TAMP must receive authorization from the client before sharing the aforementioned information with BCM. This is usually part of the account opening and contract process.

### **Why We Collect Personal Information**

The personal information we collect is necessary to help us provide informed investment management services to you or as otherwise required.

### **How We Handle Your Personal Information**

As emphasized above, we do not sell, rent or distribute information about current or former clients or their accounts to third parties not mentioned above. We do not share such information with anyone, except as needed in the normal course of business, such as to open accounts, satisfy required compliance reviews, and complete transactions in your accounts. For example:

- In order to open accounts or complete transactions for you, it may be necessary to provide identifying information to custodians, TAMPs, companies, individuals, or groups not affiliated with BCM. In addition, BCM may provide the custodian/TAMP with a copy of the Investment Advisory Agreement with the client.

- At times, we contract with non-affiliated companies to perform services for us. As necessary, we share information we collected from you to these third parties. We only release the information necessary for the third party to complete its assigned responsibilities. In addition, we require these third parties treat your personal information with the same high degree of confidentiality as BCM.
- In addition to our TAMP clients, BCM uses certain third-party order management, billing, and reporting systems. As a result, BCM provides confidential client data to these third parties to complete these back-office services.
- We will release information about you if you request us to do so or if we are compelled to do so by law. If you decide to close your account(s) or your account becomes inactive, we will continue to adhere to our privacy policy.
- BCM uses “cookies” to track traffic and session data on its website, with the goal of measuring website usage and improving user experience. Your browser or device may allow you to block, delete, or otherwise limit the use of cookies.

It is always our intent to protect and maintain the integrity of any client information collected or received during the course of the relationship. BCM has contractual agreements with third party vendors stipulating the limitations of any information to which they may have access. In short, all non-public client information is kept confidential and not shared, sold, copied, or otherwise used. BCM at times will aggregate certain non-personal information and share this information with other firms. For example, BCM will often share aggregate ETF holding information with ETF sponsors as well as with our research affiliate, AIM. However, BCM clients have the option to opt-out of having their information shared with any third parties. If you are a client, or once you become a client, and would like to opt-out of having your information shared please call the number at the end of this notice.

#### **Confidentiality and Security Procedures**

BCM emphasizes the importance of confidentiality through operating procedures, employee training, and our client privacy policy. We also maintain electronic, physical, and procedural safeguards to help protect your non-public personal information.

#### **How You Can Protect Your Information**

If you access your accounts online, you should confirm that the anti-virus software and firewall/spyware protection is current on the computer(s) that you use. Avoid using public computers, such as at a library, internet cafe, or hotel, to access your accounts whenever possible. We also strongly recommend that you select a unique User ID and Password that **does not** contain any personal information (e.g., SSN, DOB, name, phone number) and is not identical to other passwords you use. An additional best practice is to not provide any of your account information, including online account usernames or passwords, to anyone, especially if you receive the request via email or over the phone by an unfamiliar source. We also suggest that you regularly review the activity on your brokerage statements, particularly withdrawals and transfers. Please contact us immediately if you notice any suspicious or irregular activity relating to your account(s) or if you believe your information has been compromised.

### **Annual Notification**

As required by federal law, BCM provides an annual notification of its client privacy policy to clients. BCM reserves the right to amend this policy at any time. We will promptly provide clients an updated copy of this policy if we make material changes.

### **MASSACHUSETTS DISCLOSURE**

Massachusetts law (Sec. 203A) requires disclosure that information on disciplinary history and the registration of the adviser and its associated persons may be obtained by contacting the Public Reference Branch of the U.S. Securities and Exchange Commission at (202) 551-8090 or the Massachusetts Securities Division, One Ashburton Place, 17<sup>th</sup> Floor, Boston, Massachusetts 02108 or (617) 727-3548.

### **COMPLIANCE WITH PRIVACY REQUIREMENTS**

BCM strives to maintain compliance with Massachusetts requirement 201 CMR 17.00 and applicable federal guidelines. The firm has a designated Information Security Manager, as defined in its Written Information Security Program (WISP). This Program is consistent with the stringent requirements of Massachusetts and outlines the responsibilities of the firm and its personnel to protect client data. Although the WISP requirements only pertain to residents of Massachusetts, the firm extends these standards to all clients. BCM is also aware of and considers the stipulations set forth by individual states. In addition, the Securities and Exchange Commission's Regulation S-P provides further guidance and requirements for handling and protecting non-public client information. BCM endeavors to adhere to and apply these standards to its business and handling of client information.

### **NOTIFICATION OF BEAUMONT CAPITAL MANAGEMENT, LLC'S PROXY POLICY**

In accordance with SEC Rule 206(4)-6 of the Investment Advisers Act of 1940 relating to Proxy Voting, BCM is notifying you of its Proxy Policy: As a matter of current policy, BCM *does not* vote proxies on behalf of its clients unless contractually obligated to do so. While BCM's Investment Advisory Agreements grant the firm the legal ability to do so, we are not required to. If our current proxy policy changes, we will promptly notify our clients.

### **ANNUAL FORM ADV OFFERING**

Federal law, through the U.S. Securities and Exchange Commission (SEC), requires Beaumont Capital Management, LLC to provide clients with either (1) *a complete, Disclosure Document (Form ADV, Part 2A); or (2) a summary of material changes to the Disclosure Document since the last update and also offer to provide a copy of the full Document upon request, without charge.* This is required per Rule 204-3 of the Investment Advisers Act of 1940 and must be completed within 120 days of the firm's fiscal year end. If at any time you would like a complete copy of our Disclosure Document, please call or write, using the following information, and we will be sure to send you a copy. *Beaumont Capital Management, LLC – 75 2<sup>nd</sup> Avenue, Suite 700 – Needham, MA 02494 – (888) 777-0535.*

Additionally, our Disclosure Document is available via our website, [www.investbcm.com](http://www.investbcm.com).

**No action is required as a result of this notice;** however, please contact us if you have any questions.