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**October 2016**

**Form ADV Part 2A, Brochure**

This firm brochure provides information about the qualifications and business practices of Bridgeworth, LLC. Questions about the contents of this brochure please contact Donna Byrne, Chief Compliance Officer at (205) 208-8700 or email [donna@bridgeworthfinancial.com](mailto:donna@bridgeworthfinancial.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 Bridgeworth, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Bridgeworth, LLC is 164100.

Please note that the use of the term "registered investment adviser" and description of Bridgeworth, LLC and/or our associates as "registered" does not imply a certain level of skill or training. We encourage clients and prospective clients to review this brochure and brochure supplements for our firm's associates for more information on the qualifications of our firm and our employees.

## Item 2: Material Changes

Bridgeworth, LLC is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure.

Since our last annual updating amendment of 04/01/2016, we have changed our fee schedule by compressing two lower level tiers into one for amounts between \$0 - \$500,000, included one additional tier and changed an allowance for negotiation for assets under management from \$10,000,000 to over \$20,000,000. We have also increased the maximum fee limits on each tier.

Charles Zachary Ivey became a Managing Member of Bridgeworth, LLC.

We have also included in Item 10 disclosure that because of the registrations by those advisers who are associated persons with LPL Financial, LLC (LPL), LPL is required under FINRA Rule 3040 to review personal securities transactions of these advisers by monitoring all client accounts managed by our firm.

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## Item 4: Advisory Business

We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. We manage \$780,385,344 on a discretionary basis and \$6,262,855 on a non-discretionary basis as of September 2016. The total amount of client asset under our management is \$786,648,199 however, along with our affiliated firm, Bridgeworth Financial, we advise and make recommendations on over \$1.1 billion in client assets. Our firm is a limited liability company formed in the State of Alabama. Our firm has been in business as an investment adviser since 2012 and is owned in equal parts by the following members:

Larry Goldberg  
David Wayne Harris  
Kathryn Michael  
Henry Ware  
DeLynn Zell  
Jeffrey McCormack  
Brian Hinson  
Jennifer Sneed  
Charles Zachary Ivey

### **Tailoring of Advisory Services**

We offer individualized investment advice to clients. Additionally, we offer general investment advice to clients utilizing the following services offered by our firm: Financial Planning and Consulting, Pension Consulting, PICS, and Referrals to Third Party Investment Advisors and Sub-Advisors.

Each client has the opportunity to place reasonable restrictions on the types of investments to be held in an investment portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account. Since it is our policy to prohibit our advisers from soliciting or making discretionary purchases of securities which are \$2.00 or less in value, clients wishing to purchase these securities must provide their adviser with written trade authorization. Restrictions would be limited to our Investment Management services. We do not manage assets through our other services.

### **Advisory Services**

#### Financial Planning and Consulting

We provide a variety of financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's current situation, financial goals and objectives. This planning or consulting may encompass one or more of the following areas: Investments, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Personal Tax Planning, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business, Personal Financial Planning and other planning and consulting services as requested by the client and agreed to by the investment advisory representative (adviser).

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example,

recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. We refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. For financial planning clients, we provide a written summary of the client's financial situation, our observations, and recommendations. For financial consulting clients, we usually do not provide a written summary of our observations and recommendations as the process is less formal than our planning service. Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

Financial planning and consulting services are based on the client's current financial situation and the information disclosed by the client to Bridgeworth at time of engagement. Clients are advised plans may contain certain assumptions that may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. However, past performance is not a guarantee of future performance and Bridgeworth cannot guarantee that the client's financial goals and objectives will be met. The client should notify the adviser promptly upon any changes in the client's financial situation, goals or objectives.

Clients who engage Bridgeworth on a fee for service basis for financial planning and consulting services are under no obligation to use Bridgeworth for investment management or brokerage services, purchase insurance or take any other action as recommended by the adviser.

#### Bridgeworth Access Program

The Bridgeworth Access program is a special financial planning and coaching package geared for, certain *selected young, professionals and couples* who desire to establish a long term relationship with an adviser and whose assets and planning needs may not currently meet the firm's minimums requirements. These are clients the adviser has identified will meet their target client profile in the near future. The Bridgeworth Access Program may also be offered to family members of selected clients. The program will provide assistance with goal setting and monitoring, analysis of employee benefits, debt management, cash flow planning, college planning, and mortgage consulting with a strong emphasis on basic financial education. A review and ongoing touchpoints will be planned throughout the year to ensure goals are tracking. The program also provides access to their own personal financial website with cash flow and net worth trackers. The Bridgeworth access program may include asset management services, if needed. Those access clients who ultimately engage Bridgeworth for investment management services however are under no obligation to do so.

#### Investment Management

We emphasize continuous and regular account supervision. We create a portfolio, generally consisting of individual mutual funds, exchange traded funds ("ETFs"), stocks or bonds, options, and other public and private securities or investments, tailored to the client's specific needs which may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least annually and if necessary, rebalance the portfolio based upon the client's individual needs, stated goals and objectives.

#### Pension Consulting and Participant Investment Consulting Service ("PICS")

We provide pension consulting services to employer plan sponsors on an ongoing basis. Generally, such pension consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the

plan sponsor dictate, areas of advising could include: investment options, plan structure and participant education.

All pension consulting services shall be in compliance with the applicable state law(s) regulating pension consulting services. This applies to client accounts that are pension or other employee benefit plans (“Plan”) governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). If the client accounts are part of a Plan, and we accept appointments to provide our services to such accounts, we acknowledge that we are a fiduciary within the meaning of Section 3(21) of ERISA (but only with respect to the provision of services described in section 1 of the Pension Consulting Agreement).

Our PICS service renders professional advice to retirement plan participants in accordance with the client’s personal investment objectives and will not be acting as a fiduciary under the Employee Retirement Income Security Act of 1974 (“ERISA”), as amended, and the Investment Advisers Act of 1940. The consultation services offered by our firm will be limited to providing information about the retirement plan, general financial and investment information, asset allocation models, and investment materials. PICS will be limited to recommendations for the following investment options available under the plan, as applicable: mutual funds, exchange traded funds, allocations among annuity sub-accounts, collective investment trusts, pooled separate accounts, publicly traded stock of the sponsor of the plan or its affiliate (“company stock”), and other securities that may be available in brokerage windows or other similar plan arrangements that enable participants to select investments beyond those designated by the Plan. These services are intended to educate the Client and assist them in assessing their future retirement income needs and the impact of different asset allocations on retirement income. We may provide educational information to the Client regarding the possible distribution of Client’s plan assets, the transfer of assets to an individual retirement account (“IRA”), and/or engagement of our firm to provide advisory services with respect to an IRA account. To the extent that Client receives such information, Client acknowledges that we are not recommending one option over another and further acknowledges that it is important to consider upon termination with the employer sponsoring the plan that client has options such as: remaining invested in the plan, transferring assets to a defined contribution plan or to an IRA or withdrawing assets with possible IRS penalties. We do not provide ongoing consulting or management services or have discretionary authority with respect to Client’s retirement plan assets. Client is solely responsible for determining whether to implement any of the recommendations made and for placing and executing such transactions.

#### Educational Seminars and Publications

Occasionally we may take part in educational seminars. These would generally be conducted pro bono which may include travel and accommodation reimbursements. We may also provide newsletters at no charge to our clients or prospective clients.

#### **Participation in Wrap Fee Programs**

We offer wrap fee programs as further described in Part 2A, Appendix 1 (the “Wrap Fee Program Brochure”) of our Brochure. Our wrap fee and non-wrap fee accounts are managed on an individualized basis according to the client’s investment objectives, financial goals, risk tolerance, etc. We do not manage wrap fee accounts in a different fashion than non-wrap fee accounts. As further described in our Wrap Fee Program Brochure, we receive a portion of the wrap fee for our services.

## Item 5: Fees & Compensation

We are required to describe fees and expenses and that our advisory fees are negotiable. Clients are advised that they may pay more or less than other clients for similar services, however, the fees clients will pay for advisory services will not exceed the fees established in the fee schedule below. The below are fees charged on non-wrap accounts.

### Investment Management Fee Schedule:

<b>Assets under Management</b>	<b>Maximum Annual Percentage of Assets Charge*</b>
\$0-\$500,000	Up to 1.35%
\$500,001- \$1,000,000	Up to 1.20%
\$1,000,001- \$2,000,000	Up to 1.15%
\$2,000,001-\$3,000,000	Up to 0.96%
\$3,000,001-\$5,000,000	Up to 0.88%
\$5,000,001-\$10,000,000	Up to 0.74%
\$10,000,001 - \$20,000,000	Up to 0.54%
Over \$20,000,000	Negotiated**

Our firm's annualized fees are billed on a pro-rata basis quarterly in advance based on the value of your account on the last day of the previous quarter. As part of this process, clients are made aware of the following:

- a) Your Qualified Custodian sends quarterly statements to you showing all disbursements for your account, including the amount of the advisory fees paid to us;
- b) Adjustments will be made for deposits and withdrawals in your accounts;
- c) You provide authorization permitting us to be directly paid by these terms;
- d) If we send a copy of our invoice to you, it will include a legend urging you to compare information provided in our statement with those from the Qualified Custodian;
- e) LPL Financial will calculate and deduct advisory fees for accounts custodied with them. We use Orion Advisor Services to calculate fees that Schwab deducts from accounts custodied with them.

\* In certain circumstances we allow direct billing as an option to our Investment Management clients.

\*\* All investment management fees are at the discretion of the adviser. Investment Management fees on accounts above \$20,000,000 are placed on an individual basis and depend on investment allocation, number of accounts, and investment strategy.

### Financial Planning and Consulting

We generally charge on an hourly or flat fee basis for financial planning and consulting services. The total estimated fee, as well as the ultimate fee that we charge, is based on the scope and complexity of the engagement. Our hourly fees begin at \$150 for financial advisers. Flat fees generally range from \$1,500 to \$20,000. In certain cases our consulting fee may be calculated as a percentage of the assets. Financial planning and consulting services may be ongoing and are indicated in the advisory agreement. All financial planning and consultation fees are at the discretion of the adviser.

We require a retainer of fifty-percent (50%) of the ultimate financial planning or consulting fee with the remainder of the fee directly billed to the client and due to us within thirty (30) days of the financial plan being delivered or consultation rendered. In all cases, we will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months.

### Pension Consulting and PICS

We generally charge on an hourly or a flat fee basis for pension consulting services. The total estimated fee, as well as the ultimate fee that we charge, is based on the scope and complexity of our engagement. Our hourly fees begin at \$150 for financial advisers. Our flat fees generally range from \$750 to \$10,000 for Pension Consulting and a maximum of \$5,000 for PICS. Flat fees are charged annually for ongoing pension consulting services. In certain cases our consulting fee may be calculated by a percentage of the assets for which the consultations are provided and generally range between 1% and 3%. All pension consulting fees are at the discretion of the adviser.

The fee-paying arrangements for pension consulting service will be determined on a case-by-case basis and will be detailed in the signed Pension Consulting Agreement. The client will be invoiced directly for the fees.

### Bridgeworth Access Program

Bridgeworth Access agreement allows for a reduced planning fee for the first year with an initial payment of \$500 once the initial plan is completed and a monthly charge ranging between \$65 and \$85 beginning in the second month and continuing through the engagement period as determined by the adviser and client. Family pricing for asset management is available to children of existing clients.

### **Other Types of Fees or Expenses**

Non-Wrap fee clients may incur transaction charges for trades executed in their accounts. These transaction charges are separate from our fees and will be disclosed by the firm through which the trades are executed. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

Wrap fee clients will receive our Form ADV, Part 2A, Appendix 1 (the "Wrap Fee Program Brochure"). Wrap fee clients will not incur transaction costs for trades. More information about this is disclosed in our separate Wrap Fee Program Brochure (Form ADV, Part 2A, Appendix 1).

Bridgeworth may include mutual funds and exchange traded funds, ("ETFs") in our investment strategies. Bridgeworth's policy is to purchase institutional share classes of those mutual funds selected for the client's portfolio. The institutional share class generally has the lowest expense ratio. The expense ratio is the annual fee that all mutual funds or ETFs charge their shareholders. It expresses the percentage of assets deducted each fiscal year for funds expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Some fund families offer different classes of the same fund and one share class may have a lower expense ratio than another share class. These expenses come from client assets which could impact the client's account performance. Mutual fund expense ratios are in addition to our fee, and we do not receive any portion of these charges. If an institutional share class is not available for the mutual fund selected, the adviser will purchase the least expensive share class available for the mutual fund. As share classes with lower expense ratios become available, Bridgeworth may use them in the client's portfolio, and/or convert the existing mutual fund position to the lower cost share class.

Clients who transfer mutual funds into their accounts with Bridgeworth would bear the expense of any contingent or deferred sales loads incurred upon selling the product. If a mutual fund has a



frequent trading policy, the policy can limit a client's transactions in shares of the fund (e.g., for rebalancing, liquidations, deposits or tax harvesting).

All mutual fund expenses and fees are disclosed in the respective mutual fund's prospectus.

### **Termination**

We charge our advisory fees in advance. In the event that a client wishes to terminate our services, we will refund the unearned portion of our advisory fee. The client will need to contact us in writing and state that he/she wishes to terminate our services.

Upon receipt of a letter of termination, we will proceed to close out the client's account and process a pro-rata refund of unearned advisory fees.

### **Commissionable Securities Sales**

The majority of our supervised persons are also registered representatives of LPL Financial, member FINRA/SIPC and may accept compensation for the sale of securities or other investment products, including distribution or service ("trail") fees from the sale of mutual funds in non-advisory accounts. Clients should be aware that the practice of accepting commissions for the sale of securities creates an incentive to recommend products based on compensation received. To mitigate this potential, our dually registered persons, as fiduciaries, shall act in the clients' best interest at all times.

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

We do not charge performance fees to our clients.

## **Item 7: Types of Clients & Account Requirements**

We have the following types of clients:

- Individual Households;
- High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Pension and Profit Sharing Plans;
- Corporations, limited liability companies and/or other business types.

Our requirements for opening and maintaining accounts or otherwise engaging us:

- Minimum account balance of \$250,000 for our Investment Management services;
- Minimum of \$50,000 with each portfolio manager;
- Minimum fee of \$1,500 for written financial plans;
- Generally, these minimums may be waived at the advisers' discretion.

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

Our investment philosophy is built on the basic beliefs that investors should be adequately compensated for the risks they take, should be positioned to have a high probability of reaching their goals, and avoid potentially disastrous risks. Our investment analysis and portfolio construction process seeks to balance the investor's risk tolerance and current resources capacity with their quest for reasonable investment returns.

Our investment strategies and analysis are developed and conducted by our Investment Committee. We utilize quantitative analysis which may include analysis of management expertise, industry cycles, strength of research and development as well as fundamental analysis and research which includes reviewing financial analysts' reports to gain insight on the future performance of a security to guide our investment allocation decisions. We first consider the development of long-term capital market assumptions. We then work with the client to develop strategic asset allocations designed to address risk and reward over a given time period.

Other considerations are used to provide guidance on shorter-term decisions in investment management. These considerations include the timing of rebalancing, investing cash, making distributions, and tactical over or under-weights in the previously developed strategic allocation. These methods include technical analysis (charting current trends and trend reversals), quantitative analysis (reviewing market and economic trends), and global macro analysis of overall economic and political views of various countries.

We consider multiple time horizons, including long, medium, and short term, when determining strategies. Depending on the client's needs, we may employ various risk-management strategies.

We avoid market timing, but may increase cash holdings or tilt allocation slightly when necessary. This is based on the client's risk tolerance and our expectations of market behavior.

The Bridgeworth Model Allocations serve as guidelines. The adviser has discretion to deviate from the asset allocations as shown in order to meet the client's risk and return needs. In most cases, however, the adviser is expected to follow the general allocations.

If the client's current investment allocations do not conform to the Bridgeworth Model Allocations (for example due to recent transfer to Bridgeworth, client holding preferences, etc.), the client is made aware that the adviser will make changes to the investment allocations over time considering such circumstances as market environment, tax ramifications, dollar cost averaging ramifications, and the client's wishes regarding particular holdings.

**Please Note:** Investing in securities involves risk of loss that clients should be prepared to bear. We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees related to our Investment Management service, as applicable.

## Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

## Item 10: Other Financial Industry Activities & Affiliations

### Registered Representative of a Broker-Dealer

The majority of our advisory representatives are also registered representatives of LPL Financial, a registered broker-dealer, member FINRA/SIPC. You may work with your investment adviser

representative in his or her capacity as a registered representative of LPL Financial. When acting in his or her separate capacity as a registered representative, your investment adviser representative may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, variable annuity and other products to you. As such, your investment adviser representative may suggest that you implement investment advice by purchasing securities products through a commission-based brokerage account in addition to or in lieu of a fee-based investment-advisory account. This receipt of commissions creates an incentive to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as a registered representative of a securities broker-dealer. This may be considered a conflict of interest; however we do not allow our advisers to earn commissions on products that are included within our advisory accounts.

Clients are under no obligation to use the services of our representatives in this separate capacity or to use LPL Financial and can select any broker-dealer client wishes to implement securities transactions. If client selects our representatives to implement securities transactions in their separate capacity as registered representatives, the client must use LPL Financial. Prior to effecting any such transactions, client is required to enter into a new account agreement with LPL Financial. The commissions charged by LPL Financial may be higher or lower than those charged by other broker-dealers. In addition, the registered representatives may also receive ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment.

Clients may maintain multiple accounts with an adviser, some subject to an investment advisory relationship through Bridgewater, while other accounts may operate under a brokerage relationship through LPL. When acting in an investment advisory capacity the adviser is acting under a fiduciary duty to the client where the standard of care when recommending securities to a client is higher than in a brokerage relationship, where the standard is suitability of the recommended security.

Advisers receive production bonuses from LPL upon attaining certain brokerage based production levels. The higher the adviser's brokerage production with LPL the greater the potential exists for obtaining a higher pay-out on commissions earned thus creating a conflict of interest. LPL also pays Bridgewater a production bonus based upon a percentage of commissions and bonuses paid to advisers. This conflict is mitigated in several ways, for example: all transactions are reviewed by supervisory staff; advisers owe a fiduciary standard of care, in addition, most Bridgewater advisers hold CFP® certification and are held to rigorous ethical standards; and Bridgewater has policies and procedures in place to monitor the actions of our advisers.

As discussed above, certain associated persons of Bridgewater are registered representatives of LPL Financial. As a result of this relationship, LPL Financial may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about Bridgewater clients even if the client has not established an account through LPL. LPL operates pursuant to privacy standards which are found in its privacy policy. If you would like a copy of the LPL Financial privacy policy, please contact our Chief Compliance Officer at 205-208-8700. Please refer to your adviser's supplemental brochure for more information about his/her pertinent activities and affiliations.

#### Insurance Agent

Some Bridgewater advisers are also insurance agents. Clients may work with a Bridgewater adviser in his or her separate capacity as an insurance agent. When acting in his or her separate capacity as an insurance agent, the investment adviser may sell, insurance products, for commissions. This

receipt of commissions creates an incentive for the representative to recommend those products for which the investment adviser will receive a commission in his or her separate capacity as an insurance agent. Consequently, the advice rendered to clients could be biased. Clients are under no obligation to purchase insurance or annuity products through a Bridgeworth investment adviser.

As a result of Bridgeworth's and the adviser's relationship with LPL, LPL has supervisory obligations over certain of Bridgeworth's activities. As such, LPL will have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about Bridgeworth clients even if the client has not established an account through LPL. If you would like a copy of the LPL Financial privacy policy, please contact our Chief Compliance Officer at 205-208-8700. Please refer to your adviser's supplemental brochure for more information about his/her pertinent activities and affiliations.

### **Use of Third Party Investment Advisors and Sub-Advisors**

#### Third Party Investment Advisors

Bridgeworth also provides access to investment service programs in which client accounts are managed by independent third party investment advisors. Factors considered in making recommendations include account size, risk tolerance, the client's opinion and the investment philosophy of the third party investment advisor. Bridgeworth will assist the client in reviewing the client's financial situation, investment objectives, risk tolerance, liquidity requirements, investment restrictions, and other relevant factors. Bridgeworth will provide this information to the independent third party investment advisor selected by the client

We periodically review third party investment advisors' reports provided to the client, but no less often than annually. Our associates contact clients from time to time, as agreed to with the client, in order to review their financial situation and objectives; communicate information to third party investment advisors as needed; and, assist the client in understanding and evaluating the services provided by the third party investment advisor. Accounts utilizing a third party investment advisor will establish a third party investment advisor account with a qualified custodian. The client will be expected to notify us of any changes in his/her financial situation, investment objectives, or account restrictions that could affect their account. The client may also directly contact the third party investment advisor managing the account or sponsoring the program.

Clients may pay transaction fees, account maintenance fees and other fees and expenses associated with maintaining the account with the third party investment advisor. Fees will be charged and collected by the third party investment advisor who will allocate Bridgeworth a portion of the fee. Every client investing with a third party investment advisor should also receive a copy of the third party's disclosure brochure (Form ADV 2A). This document should be reviewed carefully as it will contain details about the third party investment advisor and their investment options.

#### Portfolio Management Services through Schwab

##### Schwab Managed Account Select

Under this program, the Schwab Center for Financial Research provides institutional investment research with insights and decision-making tools to help serve clients' needs. Clients are provided a choice of prescreened money managers across various investment styles. The program then bundles

the research, Schwab's brokerage, custodial and client reporting under a single, all-inclusive fee, which is in addition to the fee charged by Bridgewater.

Access to managers in this program is offered at the following account levels: \$100,000 for Stock/Equity Managers and \$250,000 for Bond/Fixed Income Managers. Some money managers may have a higher account minimum.

The Schwab Managed Account Select program fees include the institutional money manager fee, Schwab's program fee and fees for brokerage/clearing/custodial services. Fees may include a minimum monthly fee; please see related program documents for a complete description of specific fees.

#### Schwab Managed Account Marketplace

We participate in the Schwab Connection Marketplace program for certain higher net worth clients. The services provided are "unbundled," meaning fees for asset management and fees for trading are charged separately, in addition to the fees charged by Bridgewater. The fees for asset management with the money management firm are negotiated with the individual manager by Bridgewater on behalf of the client and are based on the total assets with that manager included in the program and the type of management services (equity or fixed income) provided.

Execution of security transactions may be paid in one of two ways:

- A percentage of assets based on pricing schedules set by Schwab that are determined by trade volume for an individual money manager
- On a transaction basis, where each transaction is charged a commission as negotiated with Schwab

It may be possible for a client to use Schwab Managed Account Marketplace and receive the same research services and benefits (subject to internal restrictions identified earlier) for a lower fee than available under the Schwab Managed Account Select program. The bundled fees charged for the Schwab Managed Account Select program may be higher than the "unbundled fees" charged under Schwab Managed Account Marketplace because of the initial and ongoing due diligence provided by the Schwab Center for Financial Research and pricing set by the money management firms for each program.

#### Schwab Managed Account Access

The Schwab Managed Account Access allows clients to work with an array of money managers and conduct their own research within a bundled fee program. Schwab's fees are charged in addition to fees charged by Bridgewater. Access provides money manager services and Schwab's brokerage and custody services for a simple, asset-based fee and with streamlined paperwork. Features include:

- Single contract structure
- Low account minimums
- Bundled fees
- Manager and strategy flexibility and variety
- Performance reporting
- Managed account tools and resources

Access to managers in this program is offered at the following account levels: \$100,000 for Stock/Equity Managers and \$250,000 for Bond/Fixed Income Managers. Some money managers may have a higher account minimum.

### Portfolio Management Services through LPL Financial

When appropriate we have the ability to provide advisory services through certain programs sponsored by LPL Financial. Below is a brief description of each LPL advisory program available to us.

#### Manager Access Network (MAN)

MAN enables high-net-worth investors to access a variety of institutional Portfolio Managers at significantly lower account minimums. By using separate account managers, clients can enjoy a higher level of specialization and service through the ownership of individual securities. A broad range of Portfolio Managers and multiple investment styles are available, including equity, fixed income, balanced, international, ETF, REIT and socially responsible portfolios. A minimum account value of \$100,000 is required for MAN.

#### Optimum Market Portfolios Program (OMP)

OMP offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds Class I shares. Under OMP, the client will authorize LPL Financial on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. We will assist the client in determining the suitability of OMP for the client and assist the client in setting an appropriate investment objective. Adviser will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with the client's investment objective. LPL Financial will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the client. LPL Financial will also have authority to rebalance the account. A minimum account value of \$15,000 is required for OMP.

#### Personal Wealth Portfolios Program (PWP)

PWP offers clients an asset management account using asset allocation model portfolios designed by LPL Financial. We will have discretion for selecting the asset allocation model portfolio based on client's investment objective. We will also have discretion for selecting third party money managers (PWP advisors) or mutual funds within each asset class of the model portfolio. LPL Financial will act as the overlay portfolio manager on all PWP accounts and will be authorized to purchase and sell on a discretionary basis mutual funds and equity and fixed income securities. A minimum account value of \$250,000 is required for PWP.

#### Model Wealth Portfolios Program (MWP)

MWP offers clients a professionally managed mutual fund asset allocation program. We will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. We initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL Financial's Research Department consistent with the client's stated investment objective.

LPL Financial's Research Department is responsible for selecting the mutual funds within a model portfolio and for making changes to the mutual funds selected. The client will authorize LPL Financial to act on a discretionary basis to purchase and sell mutual funds, including in certain circumstances exchange traded funds and to liquidate previously purchased securities. The client will also authorize LPL Financial to effect rebalancing for MWP accounts.

In the future, the MWP program may make available model portfolios designed by strategists other than LPL's Research Department. If such models are made available, we will have discretion to choose

among the available models designed by LPL and outside strategists. A minimum account value of \$100,000 is required for MWP.

#### Manager Access Select Program (MAS)

Manager Access Select provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. We will assist client in identifying a third party portfolio manager (Portfolio Manager) from a list of Portfolio Managers made available by LPL Financial. The Portfolio Manager manages client's assets on a discretionary basis. We will provide initial and ongoing assistance regarding the Portfolio Manager selection process. A minimum account value of \$100,000 is required for Manager Access Select, however, in certain instances, the minimum account size may be lower or higher.

We are paid by third party investment advisors when we refer clients to them for account management. Fees paid to us by third party investment advisors are generally ongoing. All fees we receive from third party investment advisors and the written separate disclosures made regarding these fees comply with applicable statutes and rules. If not otherwise agreed to, written disclosures provided should include a copy of the third party investment advisors Form ADV Part 2, all relevant Brochures, a Solicitation Disclosure Statement detailing the exact fees we are paid and a copy of the third party investment advisor's privacy policy.

Third party investment advisors establish and maintain their own separate billing processes over which we have no control. In general, they will bill the client directly and describe how this works in their separate written disclosure documents.

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

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an

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<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request to our Chief Compliance Officer at 205-208-8700.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics.

Likewise our related persons of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients on the same day. Those products, such as open-end mutual funds, whose purchase or redemption price is a fixed net value price per share as of end of date of purchase or redemption are not subject to this restriction. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

## Item 12: Brokerage Practices

Bridgeworth recommends that our clients establish brokerage accounts with LPL and/or Charles Schwab & Co., Inc. ("Schwab") through their Institutional Platforms. ("Qualified Custodians"). LPL and Schwab are members of FINRA/SIPC and are independent (and unaffiliated) SEC-registered broker-dealers and are recommended by Bridgeworth to maintain custody of clients' assets and to effect trades for their accounts. While we recommend that you use Qualified Custodians, you will decide whether to do so and open your account with either Qualified Custodian by entering into an account agreement directly with them. Bridgeworth may be limited in the broker-dealer or custodians that we are allowed to use due to Bridgeworth's associated persons' relationship with LPL and its duty to supervise their actions.

At least annually, we will review alternative custodians in the marketplace for comparison to the currently used broker-dealer qualified custodians. We evaluate such criteria as expertise, cost competitiveness, and financial condition. We will review quality of execution for custodians through trade journal evaluations and broker-dealer reports.

Bridgeworth is independently owned and operated and not affiliated with our Qualified Custodians. The primary factor in suggesting a broker/dealer or custodian is that the services of the recommended firm are provided in a cost-effective manner. While quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price and it is not the sole consideration. The trading process of any broker/dealer and money manager suggested by Bridgeworth must be efficient, seamless, and straight-forward. Overall custodial support services, trade correction services, and statement preparation are some of the other factors determined when suggesting a broker-dealer. The Qualified Custodians provide us with access to their institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisors at no charge to them so long as the independent investment advisors maintain a minimum amount of assets with the custodian.



The Qualified Custodians do not charge separately for custody but are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed by recommended money managers through the custodian or that settle into a custodian account. These benefits include, but are not necessarily limited to: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk; access to block trading which provides the ability to aggregate securities transactions and allocate the appropriate shares to client accounts; the ability to have investment advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; and access to mutual funds that generally require significantly higher minimum initial investments or are generally only available to institutional investors.

The Qualified Custodians also make available to us other products and services that benefit our firm but may not benefit clients' accounts. Some of these other products and services assist us in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); provide research, pricing information and other market data; facilitate payment of the firm's fees from its clients' accounts; and assist with back-office functions; record keeping and client reporting. Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at a recommended custodian.

### **Broker-Dealer Affiliation (LPL Financial)**

Some Bridgeworth advisers who are also registered representatives of LPL may have received loans or up-front cash payments from LPL to assist the adviser with transitioning his or her business onto the LPL custodial platform. The loans are generally forgivable on a tiered five year basis. The receipt of a loan from LPL presents a conflict of interest in that the adviser may have a financial incentive to maintain a relationship with LPL and continue recommending LPL to clients until the loan is forgiven. However, to the extent Bridgeworth and its advisers recommend you use LPL for such services, it is primarily because Bridgeworth and its advisers believe it is in your best interest to do so based on the quality and pricing of the execution, benefits of an integrated platform for brokerage and advisory accounts, and other services provided by LPL including compliance support, back-office operational, technology and other administrative support. As an additional control for this conflict of interest, you are not required to use LPL and are free to select any broker you wish.

Bridgeworth is assessed an "oversight fee" by LPL based on all assets held on the Schwab custodial platform. This fee is passed on to the adviser of record. Due to this fee, advisers may have a financial incentive to recommend the use of LPL as the broker-dealer custodian for client accounts.

### **Research and Soft Dollars**

LPL and Schwab conduct a limited amount of investment research on stocks, bonds, mutual funds, ETFs, limited partnerships and real estate investment trusts. Research and compliance support provided by Qualified Custodians is used to service all of Bridgeworth's client accounts. See Item 14 for more information.

### **Order Aggregation**

Transactions for each client account generally will be effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. The aggregation or blocking of client transactions potentially allows us to execute transactions in a more timely,

equitable, and efficient manner, and seeks to reduce overall transaction costs to clients. Bridgeworth will aggregate client transactions where possible and when advantageous to clients. In these instances, clients participating in any aggregated transactions will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. To the extent that we determine to aggregate client orders we shall do so in accordance with the parameters set forth in SEC No-Action Letter, SMC Capital, Inc. We shall not receive any additional compensation or remuneration as a result of the aggregation.

### **Custody and Brokerage Costs**

Over-the-Counter (OTC) securities transactions for our clients are generally effected based on two separate broker-dealers: (1) a “dealer” or “principal” acting as market-maker; and (2) the executing broker-dealer that acts in an agency capacity for the client’s account. Dealers executing principal transactions typically include a mark-up/down, which is included in the offer or bid price of the securities purchased or sold. In addition to the dealer mark-up/down, the client may also incur the transaction fee imposed by the executing broker-dealer. We do not receive any portion of the dealer mark-up/down or the executing broker-dealer transaction fee.

Qualified Custodians generally do not charge you separately for custody services but are compensated by charging you commissions or other fees on trades that they execute or that settle into your account. For some accounts, you may be charged a percentage of the dollar amount of assets in the account in lieu of commissions. Schwab’s commission rates and/or asset-based fees applicable to our client accounts were negotiated based on our commitment to maintain a minimum threshold of our clients’ assets in accounts at Schwab. The overall commission rates and/or asset-based fees you pay are lower than they would be if we had not made the commitment. In addition to commissions or asset-based fees Qualified Custodians may charge you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have the Qualified Custodians execute most trades for your account.

We do not have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. We routinely recommend that a client directs us to execute through a specified broker-dealer. Our firm recommends the use of LPL and Schwab. We do not allow clients to direct brokerage outside our recommendation.

### **Products and Services Available to us from Qualified Custodians**

The Qualified Custodians provide us and our clients with access to their institutional brokerage – trading, custody, reporting and related services. They also make available various support services. We do not believe that maintaining assets at any custodian in order to avoid paying quarterly service fees presents a material conflict of interest.

Our Qualified Custodians also allow us access to approved lists of mutual funds. While we feel the appropriate investment opportunity is available to our firm, a client’s investment selection may be limited to those particular mutual funds on such approved lists.

### **Item 13: Review of Accounts or Financial Plans**

Each adviser who manages client accounts performs account reviews in preparation to the annual meeting or conference call we schedule with our clients. Advisers conduct an additional review of client accounts each year. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Annually, our Investment Committee reviews and recommends positions for which advisers may place in client accounts.

Financial Planning and Consulting as well as PICS clients receive reviews of their plans or reports for the duration of the consulting service. We contact consulting clients upon request, to discuss updates to their plans, changes in their circumstances, etc. Consulting clients do not receive written or verbal updates regarding their plans or reports unless they choose to contract with us for ongoing consulting services or re-engage our firm under a new service agreement.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc. Reports may be provided for accounts held away at various brokers from our recommended custodians.

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

We may receive from Qualified Custodians or mutual fund companies, without cost and/or at a discount support services and/or products, to assist us to better monitor and service client accounts maintained at such institutions. Included within the support services we may receive 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 us to assist us in our investment advisory business operations. Our clients do not pay more for investment transactions effected and/or assets maintained at the Qualified Custodians as a result of the receipt of these support services and products. There is no commitment made by us to Qualified Custodians or any other institution as a result of the above arrangement. Bridgeworth derives a benefit from these services to the extent these soft dollar benefits pay for expenses we would otherwise be required to pay for or produce ourselves.

Our Qualified Custodians, LPL and Schwab, provide Bridgeworth with access to institutional trading and custody services, which are typically not available to retail investors. These services are generally available to independent investment advisors on an unsolicited basis, at no charge to them so long as certain criteria are met. These services at Schwab are contingent upon Bridgeworth committing to Schwab a specific amount of business (assets in custody). For Bridgeworth client accounts maintained in their custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

The adviser, Bridgeworth and Bridgeworth employees may receive additional non-cash compensation from advisory product sponsors. Such compensation may not be tied to the sales of any product. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational

meetings or marketing or advertising initiatives. Advisory product sponsors may also pay for education or training events that may be attended by Bridgeworth employees and advisers.

We may pay referral fees to independent solicitors for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. Such referral fee represents a share of our investment advisory fee charged to our clients. This arrangement will not result in higher costs to you. In this regard, we maintain Solicitors Agreements in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 and applicable state and federal laws. All clients referred by Solicitors to our firm will be given full written disclosure describing the terms and fee arrangements between our firm and Solicitor(s). In cases where state law requires licensure of solicitors, we ensure that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of our firm. The solicitor will not provide clients any investment advice on behalf of Bridgeworth.

### **Item 15: Custody**

We do not accept custody of client funds or securities with the exception of the deduction of fees from clients' accounts that are authorized in the advisory agreement between clients and Bridgeworth. All of our clients receive at least quarterly account statements directly from the Qualified Custodians.

We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The Qualified Custodians with whom we do business will send clients independent account statements listing account balance(s), transaction history and any fee debits or other fees taken out of client account.

### **Item 16: Investment Discretion**

We accept discretionary authority over client accounts. Our clients are required to sign a discretionary investment advisory agreement with our firm for the management of their account. This type of agreement only applies to our Investment Management clients. We do not take or exercise discretion with respect to our other clients.

### **Item 17: Voting Client Securities**

We do not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

### **Item 18: Financial Information**

We do not require nor do we solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore we have not included a balance sheet for our most recent fiscal year. We have never been the subject of a bankruptcy petition.