

# **alexander beard**

(USA) Inc.

## **Alexander Beard (USA) Inc.**

14/16 Rossmore Business Village, Inward Way.  
Ellesmere Port, Cheshire  
United Kingdom, CH64 6QW

Tel: (650) 684-0450

Email: [Melissa.Eugenio@abg-usa.net](mailto:Melissa.Eugenio@abg-usa.net)  
[www.abg-usa.net](http://www.abg-usa.net)

**March 29, 2022**

## **Form ADV Part 2A Brochure**

This brochure provides information about the qualifications and business practices of Alexander Beard (USA) Inc. If you have any questions about the contents of this brochure, please contact us at (650) 684-0450 or [Melissa.Eugenio@abg-usa.net](mailto:Melissa.Eugenio@abg-usa.net). 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 Alexander Beard (USA) Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Our IARD number is 134642.

Alexander Beard (USA) Inc. is a registered investment advisor with the Securities and Exchange Commission. This registration does not imply any certain level of skill or training.

### **Material Changes - Item 2**

The purpose of this page is to inform you of any material changes since the previous version of this brochure.

On March 25, 2022, we submitted our annual updating amendment filing for fiscal year 2021. There were no material changes to report.

On November 24, 2021, we completed a rewrite of our entire Form ADV Part 2A Brochure. Clients should read the entire document to familiarize themselves with our firm, our services, and conflicts of interest.

If you would like to receive a complete copy of our current brochure free of charge at any time, please contact us at (650) 684-0450 or [Melissa.Eugenio@abg-usa.net](mailto:Melissa.Eugenio@abg-usa.net).

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#### **Advisory Business - Item 4**

##### **Description of Services and Fees**

Alexander Beard (USA) Inc. (hereinafter "AB USA") is a registered investment adviser based in Cheshire, United Kingdom. We are a corporation, formed under the laws of the State of Delaware. We have been providing investment advisory services since 2004. The Alexander Beard Group of Companies, LTD, is the Principal Owner of AB USA. Paul Douglas Beard is the principal owner of the Alexander Beard Group of Companies, LTD.

You may see the term Associated Person throughout this Brochure. As used in this Brochure, this term refers to anyone from our firm who is an officer, employee, and all individuals providing investment advice on behalf of our firm. Such persons are properly registered as investment adviser representatives in applicable jurisdictions where required. Our firm's services are described below:

##### **Pension Consulting Services for UK Pension Account Holders**

We provide ongoing investment advice to United Kingdom (UK) citizens currently residing in the US who have existing UK based pension plans. Our service includes a review of each client's existing UK pension assets and recommendations with regard to a potential transfer of such pension assets to a new pension provider (Pension Transfer Report), and ongoing discretionary on non-discretionary investment management services. Our ongoing investment management services are described in detail in the Portfolio Management Services section below. Pension Transfer Reports are provided to clients in conjunction with Alexander Beard Global Services Limited, our firm's UK affiliate. Additional information about our affiliated firms is provided in Item 10 below.

At the start of services, we ask clients to provide us with an authorization form that allows us to request a statement of benefit from the client's existing UK pension plan administrators or trustees. Once obtained, we will generally deliver to the client an assessment of the client's UK pension assets based upon the statement of benefits received. The firm's advice extends to those pension plans available to UK expatriates for their existing UK pension assets. These can include Self-Invested Personal Pensions ("SIPP") and/or other applicable plans. By assisting with the transfer of pension assets from existing UK pension plans to a new plan, the firm aims to provide clients with greater control of their UK pension assets via a more flexible pension plan with wider investment-related options. As part of our service, we also notify clients of changes in UK pension legislation that could impact their pension assets.

All pension assets are held by regulated pension trustees that are properly authorized to render such services by the relevant financial services regulator where the pension plan is held and subject to the terms and conditions of a separate agreement between the client and the pension trustee. Additional information about the pension trustee(s) are provided in Item 12 below.

##### **Portfolio Management Services**

Our firm offers discretionary, and in limited cases, non-discretionary portfolio management services to our clients. Discretionary portfolio management means we will make investment decisions and place buy or sell orders in your account without contacting you. These decisions would be made based upon your stated investment objectives. You may impose reasonable restrictions on investing in certain securities, types of securities, or

industry sectors. Non-discretionary portfolio management service means that we must obtain your approval prior to placing any transactions in your account.

Our investment advice is tailored to meet our clients' needs and investment objectives. If you decide to hire our firm to manage your portfolio, we will meet with you to gather your financial information, determine your goals, and help you decide how much risk you should take in your investments. The information we gather will help us implement an asset allocation strategy that will be specific to your goals, whether we are actively investing for you or simply providing you with advice.

AB USA does not recommend one particular type of security over other types of securities, but we do provide advice on various types of securities, such as exchange listed equities, over the counter equities, foreign issues, American depository receipts, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (including mutual funds and exchange traded funds), US Government securities, options contracts on securities and/or commodities, private equity instruments, return enhanced notes, and interests in partnership investing in real estate. Additionally, will provide advice on existing investments you may hold at the inception of the advisory relationship or on other types of investments for which you ask advice.

If you engage us for portfolio management services, we will monitor your portfolio's performance on a continuous basis, and rebalance the portfolio whenever necessary, as changes occur in market conditions and/or your financial circumstances.

#### *Recommendation of Sub Advisors*

As part of our overall portfolio management strategy, we may use one or more sub-advisors to manage all or a portion of your account. All sub-advisors recommended by our firm must either be registered as investment advisors or exempt from registration requirements. In the case of non-US sub-advisors, such as UK based Discretionary Fund Managers, AB USA will only recommend firms that are properly registered with their respective regulators, such as the UK Financial Conduct Authority. These sub-advisors may specialize in traditional portfolio management, private equity investments, private credit markets, hedge funds or other types of alternative investments. Factors that we take into consideration when making our recommendations include, but are not limited to, the following: the sub-advisor's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will periodically monitor the sub-advisor's performance to ensure its management and investment style remains aligned with your investment goals and objectives. We retain the right to hire and fire sub-advisors and the right to reallocate client assets to other model portfolios at the same sub-advisor.

#### **Consulting Services for US Qualified Retirement Plans**

AB USA provides several retirement plan consulting related services. While the primary clients for these services will be US based qualified retirement plans, AB USA will also offer these services, where appropriate, to individuals and trusts, estates and charitable organizations. Retirement plan consulting services are comprised of the following components. Clients may choose to use any or all of the following services:

- Assistance with the development and/or review and revision of an Investment Policy Statement (“IPS”) as requested.
- Provision of recommendations on appropriate investments that have a level of risk commensurate with the anticipated return, seeing to it that risk is minimized through diversification, and ensuring that the Plan has sufficient liquidity to meet its cash flow requirements.
- Assistance with the selection of a qualified default investment alternative (“QDIA”) and determination of the continuing suitability of a QDIA.
- Assistance with on-going monitoring and make recommendations regarding the replacement of the Plan’s investments and investment providers.
- Assistance with the monitoring of investment options by reviewing quarterly reports that document investment performance, consistency of fund management, and conformance to any guidelines set forth in the IPS and will notify you with any recommendations.
- Analysis of the fees and expenses associated with the investments and the service providers and recommend changes when warranted.

These services are designed to assist plan sponsors in meeting their management and fiduciary obligations to Participants under the Employee Retirement Income Security Act (“ERISA”). Pursuant to adopted regulations of the U.S. Department of Labor, we are required to provide the Plan's responsible plan fiduciary (the person who has the authority to engage us as an investment adviser to the Plan) with a written statement of the services we provide to the Plan, the compensation we receive for providing those services, and our status (which is described below).

Other retirement plan consulting services are available on request. All of our retirement plan consulting services, whether general or customized, will be outlined in an Agreement that shows the services that will be provided and the fees that will be charged for those services.

AB USA is registered as an investment advisor and represents that it is not subject to any disqualification as set forth in Section 411 under ERISA. To the extent AB USA performs Fiduciary Services, AB USA is acting as a fiduciary of the Plan as defined in Section 3(21) or Section 3(38) under ERISA.

AB USA may also perform the following non-Fiduciary services:

- Assistance with the education of the participants in the Plan about general investment principles. Client understands that AB USA’ assistance in participant investment education shall be consistent with and within the scope of the definition of investment education of Department of Labor Interpretive Bulletin 96-1. As such, AB USA is not providing fiduciary advice (as defined in ERISA) to the participants. AB USA will not provide individualized investment advice concerning the prudence of any investment or combination of investment for a particular participant or beneficiary under the Plan.
- Assistance with group enrollment meetings designed to increase retirement plan participation among employees and investment and financial understanding by the employees.

AB USA may provide these services or, alternatively, may arrange for the Plan’s other providers to offer these services, as agreed upon between AB USA and client.

### **General Consulting Services**

AB USA provides general consulting services that focus on the specific needs and concerns of the client. Advisory consulting services may include giving advice on investment and investment related matters. These services include the identification of financial goals and objectives, collection and assessment of all relevant data, identification of financial problems and formulation of solutions, and the preparation of a financial plan in the form of specific written recommendations. The services we provide will typically focus on one or more of the following areas:

*Cash Flow Analysis:* Cash Flow Analysis involves the assessment of present financial situation by collecting information regarding net worth and cash flow statements, tax returns, insurance policies, investment portfolios, pension plans, employee benefit statements, etc. The firm advises on ways to reduce risk; and, to coordinate and organize records and estate information.

*Retirement Planning:* Retirement Planning is a process of determining retirement income goals and the actions and decisions necessary to achieve those goals. Retirement planning includes identifying sources of income, estimating expenses, implementing a savings program and managing assets. Future cash flows are estimated to determine if the retirement income goal will be achieved.

*Investment Planning:* The goal of investment planning is to determine the investment mix and policy, matching investments to objectives, asset allocation for individuals and institutions, and balancing risk against performance. The process realizes strengths, weaknesses, opportunities and risks in the choice of debt vs. equity, domestic vs. international, growth vs. safety, and many other tradeoffs encountered in the attempt to maximize return at a given risk.

Our advice is based on your financial situation and the financial information you provide to our firm. If your financial situation, goals, objectives, or needs change, you must notify us promptly.

The consulting engagement ends at the time the requested services are completed. The client is exclusively responsible for implementing any accepted recommendations. Clients should note that AB USA does not monitor the client's account once the recommendation has been provided.

**Note: Information related to tax or legal matters that is provided as part of overall portfolio management service is for informative purposes only. Clients are instructed to contact their tax professionals or attorneys for tax or legal advice.**

### **Wrap Fee Programs**

We do not sponsor, manage, or participate in any wrap fee programs.

### **Assets Under Management**

As of March 25, 2022, AB USA manages approximately \$48,138,972 on a discretionary basis and \$3,054,749 on a nondiscretionary basis.

### Fees and Compensation - Item 5

#### **Fees for Pension Consulting Services for UK Pension Account Holders**

Our services are offered for negotiable fixed fee starting at \$2500. The exact fee payable by the client will be determined using a formula based on a combination of a fixed fee and percentage of pension asset. This fee will be clearly listed in the services agreement signed by the firm and the client. All fees are payable as invoiced. AB USA will not have access to client funds for payment of fees without the client's written consent. AB USA or the client may terminate the services agreement in accordance with the terms of the agreement. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

#### **Portfolio Management Services Fees**

For portfolio management services, AB USA charges an annual fee of up to 1.00% of the client's assets under management. Fees are payable monthly or quarterly in arrears and are based on the gross market value of the assets on the last business day of the billing period. Fees will be pro-rated for the first partial billing period. No increase in the annual fee percentage shall be effective without prior written notification to the client.

Under certain circumstances, fees will vary from the stated fee schedule. AB USA, in its sole discretion, may waive its investment management fee or may charge a lesser fee based upon certain criteria (including but not limited to friends and family, firm personnel, historical relationship, type of assets, anticipated future additional assets, overall scope of services, dollar amounts of assets to be managed, related accounts, negotiations with clients, etc.). Because of these factors, similarly-situated clients may pay materially different fees, and the services to be provided by AB USA may be available from other investment advisers for similar or lower fees. Clients are advised to consult their services agreement with AB USA for specific details regarding their fee arrangement.

Generally, the custodian holding the client's account will deduct AB USA's fees and any other custodial fees directly from a designated account to facilitate billing provided the client has given written authorization. The qualified custodian will send an account statement at least quarterly. This statement will detail all account activity. Fees may be deducted from a single designated client account to facilitate billing. In limited circumstances, at the sole discretion of AB USA, we may agree to invoice you directly for our advisory fee or we may negotiate other fee payment arrangements.

You may terminate the portfolio management services agreement upon 30-days' written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

#### *Sub-Adviser Fees*

AB USA will either compensate the sub adviser directly by forwarding a portion of the portfolio management fee collected by the firm to the sub-adviser, or the sub-adviser will charge a separate fee that is in addition to the fee charged by AB USA. Advisory fees that you pay to sub-advisers are established and payable in accordance with

the Form ADV Brochure or equivalent disclosure document provided by each sub-adviser to whom you are referred. These fees may or may not be negotiable. Depending on the sub adviser, Clients may or may not be able to negotiate the fee payable to the sub adviser.

You may be required to sign an agreement directly with the sub adviser(s). You may terminate your advisory relationship with the sub adviser(s) according to the terms of your agreement with the sub adviser(s). You should review each adviser's brochure for specific information on how you may terminate your advisory relationship with the adviser and how you may receive a refund, if applicable. You should contact the sub adviser directly for questions regarding your advisory agreement with the sub adviser.

#### **General Consulting Services Fees**

Consulting services are offered for negotiable hourly rate of up to \$400. The exact fee payable by the client will be clearly listed in the services agreement signed by the firm and the client. All fees are payable as invoiced. AB USA will not have access to client funds for payment of fees without the client's written consent. AB USA or the client may terminate the Consulting Agreement in accordance with the terms of the Agreement. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

#### **Fees for Consulting Services for US Qualified Retirement Plans**

The fees and compensation charged by AB USA is negotiated independently with each Plan Sponsor in order to consider the varying, unique characteristics or requirements of each plan. Primary determinants of the negotiated fee may include but are not limited to the:

- Amount of plan assets,
- Number of employees / participants,
- Number of plan sponsor locations, and
- Special plan sponsor considerations or requirements.

Delivery of compensation or fees to AB USA is dependent upon on the invoicing or fee assessment frequency (monthly, quarterly) and policies ("arrears" or "in advance") of the Plan Provider/Platform utilized by the Plan Sponsor. The exact fee and fee payment method will be clearly listed in the pension consulting agreement signed by the client and the AB USA.

We do not reasonably expect to receive any other compensation, direct or indirect, for the services we provide to the Plan or Participants, unless the plan sponsor directs us to deduct our fee from the plan or directs the plan record-keeper to issue payment for our fee out of the plan. If we receive any other compensation for such services, we will (i) offset the compensation against our stated fees, and (ii) we will promptly disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

Either party to the advisory agreement may terminate the agreement upon 30-days' written notice to the other party. The fees will be prorated for the quarter in which the termination notice is given, and any unearned fees will be refunded to the client.

**Additional Fees and Expenses**

Fees are negotiable depending on factors such as the amount of assets under management, range of investments, and complexity of the client's financial circumstances, among others. The agreed upon fee to be paid by the client will be clearly stated in the Agreement signed by the client and the firm.

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include an advisory fee and other fund expenses.

You will also incur custodial fees, transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through which your account transactions are executed. Please see Item 12 – Brokerage Practices for further information on brokerage and transaction costs. We do not share in any portion of the fees or charges imposed by the broker-dealer or custodian. Where suitable, we will recommend no-load mutual funds. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this Disclosure Brochure.

**Cash Positions.** AB USA treats cash and cash equivalents as an asset class. Accordingly, unless otherwise agreed in writing, all cash and cash equivalent positions (e.g., money market funds, etc.) are included as part of assets under management for purposes of calculating AB USA's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), AB USA may maintain cash and/or cash equivalent positions for defensive, liquidity, or other purposes. While assets are maintained in cash or cash equivalents, such amounts could miss market advances and, depending upon current yields, at any point in time, AB USA's advisory fee could exceed the interest paid by the client's cash or cash equivalent positions.

**Periods of Portfolio Inactivity.** AB USA has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, AB USA will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including but not limited to investment performance, fund manager tenure, style drift, account additions/withdrawals, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when AB USA determines that changes to a client's portfolio are neither necessary nor prudent. Notwithstanding, unless otherwise agreed in writing, AB USA's annual investment advisory fee will continue to apply during these periods, and there can be no assurance that investment decisions made by AB USA will be profitable or equal any specific performance level(s).

Any material conflicts of interest between you and our firm, or our employees are disclosed in this Disclosure Brochure. If at any time, additional material conflicts of interest develop, we will provide you with written notification of the material conflicts of interest or an updated Disclosure Brochure.

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

Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. We do not accept performance-based fees or participate in side-by-side management. Our fees are calculated as described in the *Fees and Compensation* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

#### **Types of Clients - Item 7**

We offer investment advisory services to individuals, high net worth individuals, Pension and profit-sharing plan participants, corporations, or other business entities. The majority of our clients are United Kingdom (UK) citizens or former UK residents currently residing in the US who have existing UK based pension plans.

Generally, we require a minimum of \$100,000 to establish an advisory relationship. At our sole discretion, we may waive this requirement. This requirement can be met by combining two or more accounts owned by you or related family members.

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

We may use one or more of the following methods of analysis and/or investment strategies when providing investment advice to you:

- **Fundamental Analysis** – involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The primary risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.
- **Technical Analysis** – technical analysis is a technique that relies on the assumption that current market data (such as charts of price, volume, and open interest) can help predict future market trends, at least in the short term. It assumes that market psychology influences trading and can predict when stocks will rise or fall. Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics

within such markets. Technical trading models, through mathematical algorithms, attempt to identify when markets are likely to increase or decrease and identify appropriate entry and exit points. The primary risk of technical trading models is that historical trends and past performance cannot predict future trends, and there is no assurance that the mathematical algorithms employed are designed properly, updated with new data, and can accurately predict future market, industry, and sector performance.

- **Cyclical Analysis** – cyclical analysis is similar to technical analysis in that it involves the analysis of market conditions at a macro (entire market/economy) or micro (company specific) level, rather than the overall fundamental analysis of the health of the particular company. The primary risks with cyclical analysis are similar to those of technical analysis.
- **Charting Analysis** – charting analysis involves the gathering and processing of price and volume pattern information for a particular security, sector, broad index, or commodity. This price and volume pattern information is analyzed. The resulting pattern and correlation data is used to detect departures from expected performance and diversification and predict future price movements and trends. The primary risk of charting analysis is that it may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

We may use one or more of the following investment strategies when advising you on investments:

- **Long Term Purchases** – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year. Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.
- **Short Term Purchases** – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.
- **Trading** – securities are sold within 30 days. The principal type of risk associated with trading is market risk. There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Other factors,

such as changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and government, economic or monetary policies, may affect investments as well. Additionally, trading is speculative. Market movements are difficult to predict and are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument markets and such intervention (as well as other factors) may cause these markets to move rapidly.

**Investing in securities involves risk of loss that Clients should be prepared to bear.**

The investment advice provided along with the strategies suggested by AB USA will vary depending on each client's specific financial situation and goals. This brief statement does not disclose all of the risks and other significant aspects of investing in financial markets. In light of the risks, you should fully understand the nature of the contractual relationship(s) into which you are entering and the extent of your exposure to risk. Certain investing strategies may not be suitable for many members of the public. You should carefully consider whether the strategies employed would be appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

**Recommendation of Particular Types of Securities**

As disclosed under the "Advisory Business" section in this Brochure, we provide advice on various types of securities and we do not necessarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

**General Investment Risk:** All investments come with the risk of losing money. Investing involves substantial risks, including complete possible loss of principal plus other losses and may not be suitable for many members of the public. Investments, unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry different types and degrees of risk and you should familiarize yourself with the risks involved in the particular market instruments in which you intend to invest.

**Loss of Value:** There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and governmental economic or monetary policies.

**Interest Rate Risk:** Fixed income securities and funds that invest in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer-term debt securities are usually more sensitive to interest rate changes.

**Credit Risk:** Investments in bonds and other fixed income securities are subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

**Foreign Exchange Risk:** Foreign investments may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rates. Changes in currency exchange rates may influence the share value, the dividends or interest earned and the gains and losses realized. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation, and other economic and political conditions. If the currency in which a security is denominated appreciates against the US Dollar, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

**Risks Associated with Investing in Equities:** Investments in equities generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

**Risks Associated with Investing in Investment Companies:** Investment Companies such as mutual funds and exchange traded funds (ETFs) are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While these funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. The returns on these funds can be reduced by the costs to manage the funds. In addition, while some funds are "no load" and charge no fee to buy into, or sell out of, other types of funds do charge such fees which can also reduce returns.

**Risks Associated with Investing in Private Funds:** Private investment funds are not registered with the Securities and Exchange Commission and may not be registered with any other regulatory authority. Accordingly, they are not subject to certain regulatory restrictions and oversight to which other issuers are subject. There may be little public information available about their investments and performance. Moreover, as sales of shares of private investment companies are generally restricted to certain qualified purchasers, it could be difficult for a client to sell its shares of a private investment company at an advantageous price and time. Private investment funds often engage in leveraging and other speculative investment practices that may increase the risk of investment loss. A Private investment fund's performance can be volatile. An investor could lose all or a substantial portion of his

or her investment. There may be no secondary market for the investor's interest in the fund. Private investment funds can be highly illiquid and there may be restrictions on transferring interests in the fund. Private investment funds are not required to provide periodic pricing or valuation information to investors. Private investment funds may have complex tax structures. There may be delays in distributing important tax information. Private investment funds are not subject to the same regulatory requirements as mutual funds. Since shares of private investment companies are not publicly traded, from time to time it may be difficult to establish a fair value for the client's investment in these companies. Private investment funds often charge high fees. The fund's high fees and expenses may offset the fund's trading profits. Typically, the valuation that we use for billing purposes is based on the amount of the initial investment, or any updated value provided by the sponsor/issuer.

**Illiquid securities:** Illiquid securities involve the risk that investments may not be readily sold at the desired time or price. Securities that are illiquid, that are not publicly traded, and/or for which no market is currently available may be difficult to purchase or sell, which may impact the price or timing of a transaction. An inability to sell securities can adversely affect an account's value or prevent an account from taking advantage of other investment opportunities. Lack of liquidity may cause the value of investments to decline and illiquid investments may also be difficult to value. A client may not be able to liquidate investment in the event of an emergency or any other reason.

Certain investment strategies used by our firm may invest in illiquid asset vehicles, such as private equity and real estate. Investment in an illiquid asset vehicle poses similar risks as direct investments in illiquid securities. In addition, investment in an illiquid asset vehicle will be subject to the terms and conditions of the illiquid asset vehicle's investment policy and governing documents that often include provisions that may involve investor lock-in periods, mandatory capital calls, redemption restrictions, infrequent valuation of assets, etc. In addition, investments in illiquid securities or vehicle may normally involve investment in non-marketable securities where there is limited transparency. If obligated to sell an illiquid security prior to an expected maturity date, particularly with an infrastructure investment, they may not be able to realize fair value. Investments in illiquid securities or vehicles may include restrictions on withdrawal rights and shares may not be freely transferable.

**Cybersecurity Risks:** Our firm and its service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from cyber-attacks and hacking by other computer users, and to avoid the resulting damage and disruption of hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. In general, cyber-attacks are deliberate, however, unintentional events may have similar effects. Cyber-attacks may cause losses to clients by interfering with the processing of transactions, affecting the ability to calculate net asset value or impeding or sabotaging trading. Clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, and the dissemination of confidential and proprietary information. Any such breach could expose our firm to civil liability as well as regulatory inquiry and/or action. In addition, clients could be exposed to additional losses as a result of unauthorized use of their personal information. While our firm has established business continuity plans, incident response plans and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Similar types of cyber security risks also are present for

issuers of securities in which we invest, which could result in material adverse consequences for such issuers and may cause a client's investment in such securities to lose value.

#### Disciplinary Information - Item 9

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of AB USA's advisory business or of the integrity of its management personnel. We have no material history of legal or disciplinary events to report under this item. However, information regarding management persons of our firm and AB USA can be found at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

#### Other Financial Industry Activities or Affiliations - Item 10

The Alexander Beard Group of Companies, LTD, the holding company of AB USA is affiliated through common control and ownership with the following companies:

- Alexander Beard Investment Management Limited – United Kingdom
- Alexander Beard Global Services Limited – United Kingdom
- Alexander Beard international Benefits B.V. – Netherlands
- Alexander Beard (Australia) PTY Limited – Australia
- Alexander Beard (France) SAS – France
- Alexander Beard (South Africa) PTY Limited – South Africa

The above companies are registered to render investment advice with their respective regulatory authorities. AB USA may refer clients who need advisory services in foreign jurisdictions to the above affiliates. AB USA does not receive separate compensation for referring its clients to its affiliates; However, due to the affiliation of these entities, AB USA has an incentive to recommend the services of its affiliate over the services of non-affiliated firms. As such, clients are hereby informed that a conflict of interest is inherent in such an arrangement. AB USA upholds its fiduciary duty and only recommends other advisers that it believes will act in the client's best interest. Client have no obligation to work with any of the affiliates that we recommend.

#### Code of Ethics, Participation or Interest in Client Transactions and Personal Trading - Item 11

##### **Description of Our Code of Ethics**

AB USA has adopted a Code of Ethics (the "Code") to address investment advisory conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes AB USA's policies and procedures developed to protect client's interests in relation to the following topics:

- ♣ The duty at all times to place the interests of clients first;
- ♣ The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics.
- ♣ The responsibility to avoid any actual or potential conflict of interest or misuse of an employee's position of trust and responsibility;
- ♣ The fiduciary principle that information concerning the identity of security holdings and financial circumstances of clients is confidential; and
- ♣ The principle that independence in the investment decision-making process is paramount.

A copy of AB USA's Code of Ethics is available upon request at (650) 684-0450 or [Melissa.Eugenio@abg-usa.net](mailto:Melissa.Eugenio@abg-usa.net).

#### **Personal Trading Practices**

At times, AB USA and/or its Advisory Representatives may take positions in the same securities as clients. This is considered a conflict of interest with clients. AB USA and its Advisory Representatives will generally be "last in" and "last out" for the trading day when trading occurs in close proximity to client trades, however, we will uphold our fiduciary responsibilities to our clients. Front running (trading shortly ahead of clients) is prohibited. Should a conflict occur because of materiality (e.g., a thinly traded stock), disclosure will be made to the client(s) at the time of trading. Alternatively, Accounts owned by our firm or persons associated with our firm may participate in block trading with client accounts; however, they will not be given preferential treatment. Mutual fund purchases are not subject to these policies because the transactions are executed at NAV at the end of the trading day.

#### **Brokerage Practices - Item 12**

AB USA recommends the brokerage and custodial services of several securities broker-dealers. All recommended companies are unaffiliated, qualified custodians and are properly registered with the applicable regulatory authorities. We believe that recommended broker-dealers/custodians provide quality execution services for you at competitive prices. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by recommended broker-dealers/custodians, including the value of research provided, the company's reputation, execution capabilities, commission rates, and responsiveness to our client and our firm. In recognition of the value of research services and additional brokerage products and services recommended broker-dealers/custodians provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

#### **TD Ameritrade Institutional program**

For US based clients, AB USA recommends the services of TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade offers independent investment advisers services, which include custody of securities, trade execution, clearance, and settlement of transactions. Our firm receives research and benefits from TD Ameritrade through our participation in the program.

There is no direct link between our firm's participation in the program and the investment advice we give to our client, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our firm's participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to our client accounts); the ability to have our advisory fees deducted directly from our clients' accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to our firm by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by our firm's related persons and may also pay or reimburse expenses (including travel, lodging, meals, and entertainment expenses) for our firm's personnel to attend conferences or meetings relating to the program or to TD Ameritrade's adviser custody and brokerage services generally. Some of the products and services made available by TD Ameritrade through the program may benefit our firm, but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, our firm endeavors at all times to put the interests of our client first. You should be aware, however, that our firm's receipt of economic benefits in and of itself creates a conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

**RBC Advisor Services/ LGT Vestra LLP**

For non-US based clients, we recommend the custodial and execution services of RBC Advisor Services, a division of RBC Capital Markets, LLC, and its various affiliates (Collectively, "RBC"). LGT Vestra LLP ("Vestra") provides sub-advisory services to such clients. Factors that AB USA considers in recommending RBC/Vestra to clients include its respective financial strength, reputation, execution, ability to accommodate accounts owned by former US residents and expatriates, pricing, research, and service. The commissions and/or transaction fees charged by RBC may be higher or lower than those other financial institutions charge.

AB USA receives support services and/or products from Vestra, many of which assist AB USA to better monitor and service program accounts maintained at RBC. These support services and/or products may be received without cost, at a discount, and/or at a negotiated rate, and may include the following:

- investment-related research
- access to duplicate client statements
- pricing information and market data
- software and other technology that provide access to client account data
- compliance and/or practice management-related publications
- consulting services

These support services are provided to AB USA based on the overall relationship between AB USA, Vestra and RBC. These services are not paid with 'soft dollars' nor through any other arrangements with RBC that involves the execution of a specific number of client transactions as a condition to the receipt of services. AB USA will continue to receive the services regardless of the volume of client transactions executed with RBC. Clients do not pay more for services because of this arrangement. There is no corresponding commitment made by AB USA to RBC or any other entity to invest any specific amount or percentage of client assets in any specific securities because of the arrangement.

Because it receives such services, AB USA has an incentive to continue to use or expand the use of Vestra and RBC for advisory, custodial and execution services. Our firm examines this conflict of interest as part of its best execution review and we have determined that the relationship is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

**Custodians for UK Pension Clients**

For UK Pension clients who reside in the United States, AB USA recommends the custodial services of Novia Global Ltd, Dimensional Fund Advisors, and Royal London, among others. Dentons Pension Management Ltd. provides trustee services for assets held at Novia Global Ltd. and Dimensional Fund Advisors. AB USA does not expect to receive additional benefits from Novia Global Ltd, Dimensional Fund Advisors, Royal London or Dentons Pension Management Ltd.

Each of the firms mentioned above will charge or deduct the following management, custodial and/or trustee fees:

Service Provider	Type of Fee	Amount
TD Ameritrade Institutional	Mutual fund expense ratio	Varies by mutual fund recommended
RBC Advisor Services	Custodial fee	\$35/year/account
LGT Vestra LLP	Portfolio management	Up to 0.50%/year
Dentons Pension Management Ltd	Trustee Services	GBP 570/year/account
Novia Global Ltd	Custodial Fee	0.35% to 0.53%/year
Royal London	Custodial Fee/ Trustee Services & Portfolio management	0.40% to 0.60%/year

Clients are strongly encouraged to review the agreement between the client and the custodian and/or pension trustee, and other disclosure materials provided by these service providers for a full understanding of the services provided and any associated costs therein.

**Brokerage for client Referrals**

We do not receive client referrals from broker-dealers and custodians with which we have an institutional advisory arrangement. Also, we do not receive other benefits from a broker-dealer in exchange for client referrals.

**Directed Brokerage**

In very limited circumstances, and at our sole discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. In the event that a client directs AB USA to use a particular broker/dealer, the firm may not be authorized to negotiate commissions and may not be able to obtain volume discounts or best execution. In addition, under these circumstances a disparity in commission charges may exist between the commissions charged to clients who direct the firm to use a particular broker/dealer and those that don't.

**Trade Aggregation/Block Trading**

We may, but are not obligated to, combine multiple orders for shares of the same securities purchased for advisory accounts whenever possible and where in clients' best interest (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. In rare instances, such as partial fills or limited shares of thinly traded or illiquid stocks, it may be necessary to place block trades for only small groups of clients over a period of time. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

**Review of Accounts - Item 13**

AB USA monitors client's managed accounts on a continuous basis and recommends a formal review with the client at least annually. Accounts are reviewed by the Associated Person assigned to the account. Clients who have engaged our firm for a one-time consulting service do not receive ongoing account reviews. We encourage these clients to engage us periodically for portfolio review services.

Additional reviews may be offered in certain circumstances. Triggering factors that may stimulate additional reviews include, but are not limited to, changes in economic conditions, changes in the client's financial situation or investment objectives, or a client's request. Clients are encouraged to notify our firm if changes occur in their personal financial situation.

Clients will receive statements directly from their account custodian(s) on at least a quarterly basis. Additionally, AB USA will provide performance reports on an as needed basis.

#### Client Referrals and Other Compensation - Item 14

Apart from the additional services received from TD Ameritrade and RBC that we have described in Item 12 above; we do not receive economic benefits from third parties in exchange for providing investment advice or other advisory services to our clients.

We and our related persons do not compensate, either directly or indirectly, any person or entity who is not our supervised person for client referrals. AB USA maintains professional relationships with CPAs, tax preparers, banks and attorneys. These relationships permit us to coordinate services on behalf of a client. We receive referrals and make referrals to these professionals, but these are based upon their ability to work with a particular client; these referrals do not involve any financial consideration or expectation of referrals in return.

#### Custody - Item 15

We do not have physical custody of any of your funds and/or securities. However, we are deemed to have custody over your funds or securities because of the fee deduction authority granted by the client.

With respect to third party standing letters of authorization ("SLOA") where a client grants us authority to direct custodians to disburse funds to one or more third party accounts, we are deemed to have custody pursuant to Rule 206(4)-2 (the "Custody Rule"). We have taken steps to have controls and oversight in place to comply with the no-action letter issued by the SEC on February 21, 2017 (the "SEC no-action letter"). We are not required to comply with the surprise examination requirements of the Custody Rule if we comply with the representations noted in the SEC no-action letter. Where our firm acts pursuant to a SLOA, we believe we are making a good faith effort to comply with the representations noted in the SEC no-action letter. Additionally, since many of the representations noted in the SEC no-action letter involve the qualified custodian's operations, we will collaborate closely with our custodian(s) to ensure that the representations are met.

Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. For US based accounts, you will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account. You should carefully review account statements for accuracy.

For non-US accounts, pension plan statements and other reports are generally sent directly to clients on an annual basis (unless requested more frequently) by the selected pension trustee, the custodian of record, and/or others similarly involved with the client pension plan. Clients are encouraged to review such material carefully for a complete understanding of the services offered and the costs associated with the management of such pension plans.

If you have questions regarding your account or if you did not receive a statement from your custodian, please contact us at (650) 684-0450 or [Melissa.Eugenio@abg-usa.net](mailto:Melissa.Eugenio@abg-usa.net).

#### Investment Discretion - Item 16

AB USA offers management services on a discretionary basis. Clients must grant discretionary authority in the advisory agreement. Discretionary authority extends to the types and amounts of securities to be bought and sold in client accounts.

If you wish, you may limit our discretionary authority by, for example, setting a limit on the type of securities that can be purchased for your account. Simply provide us with your restrictions or guidelines in writing. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

If you have engaged us for non-discretionary portfolio management services, we will obtain your approval prior to executing any transactions in your account(s).

#### Voting Client Securities - Item 17

##### **Proxy Voting**

Generally, AB USA does not vote proxies. It is the client's responsibility to vote proxies. Clients will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page.

##### **Class Action Lawsuits**

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. AB USA has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. It also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, the firm has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where the firm receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials, to the client. Electronic mail is acceptable where appropriate, and the client has authorized contact in this manner.

**Financial Information - Item 18**

Our firm does not have any financial conditions or impairments that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

**Requirements of State-Registered Advisers - Item 19**

**This section is not applicable because our firm is SEC registered.**

### Alexander Beard (USA) Inc. Privacy Notice

This notice is being provided to you in accordance with the Securities and Exchange Commission's rule regarding the privacy of consumer financial information ("Regulation S-P") and/or comparable state laws. Please take the time to read and understand the privacy policies and procedures that we have implemented to safeguard your nonpublic personal information.

#### **INFORMATION WE COLLECT**

Alexander Beard (USA) Inc. must collect certain personally identifiable financial information about its customers to provide financial services and products. The personally identifiable financial information that we gather during the normal course of doing business with you may include:

- information we receive from you on applications or other forms;
- information about your transactions with us, our affiliates, or others;
- information we receive from a consumer reporting agency.

#### **INFORMATION WE DISCLOSE**

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted or required by law, or as necessary to provide services to you. In accordance with applicable federal and/or state laws, we may disclose all of the information we collect, as described above, to certain nonaffiliated third parties such as our attorneys, accountants, auditors, broker-dealer firms having regulatory requirements to supervise certain of Alexander Beard (USA) Inc.'s activities, and persons or entities that are assessing our compliance with industry standards. We enter into contractual agreements with all nonaffiliated third parties that prohibit such third parties from disclosing or using the information other than to carry out the purposes for which we disclose the information.

#### **CONFIDENTIALITY AND SECURITY**

We restrict access to nonpublic personal information about you to those employees who need to know that information to provide financial products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal standards to guard your nonpublic personal information.

#### **ACCURACY**

Alexander Beard (USA) Inc. strives to maintain accurate personal information in our client files at all times. However, as personal situations, facts and data change over time; we urge our clients to provide feedback and updated information to help us meet our goals.