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*Baltimore-Washington*

FINANCIAL ADVISORS



# *The Architect*

OF MODERN MANAGEMENT...

“WHEN I WAS A STUDENT AT THE COLLEGE OF WILLIAM & MARY,  
ONE OF THE GENTLEMEN WHOSE TEACHINGS WE FOLLOWED  
IN THE BUSINESS SCHOOL WAS PETER DRUCKER.  
TWENTY-EIGHT YEARS AGO, WHEN I THOUGHT ABOUT FORMING  
THIS COMPANY, HIS ADVICE OFFERED A STRUCTURE  
FOR MY GOALS AND OBJECTIVES.  
DRUCKER POSED THE FOLLOWING THREE QUESTIONS  
THAT ANY CREDIBLE AND SUCCESSFUL BUSINESS PERSON  
SHOULD BE ABLE TO ANSWER...”

—SAXON BIRDSONG, BWFA FOUNDER

## *What is Our Business?*

**WE ARE WEALTH MANAGERS. WE ACT AS A FINANCIAL BODYGUARD FOR OUR CLIENTS.**

BWFA is one of the area's leading comprehensive wealth management firms. Nationally recognized and based in the Baltimore-Washington region, we serve clients throughout the United States. We have a dedicated team of experts in investment management; financial, retirement, and estate planning; tax services; and business services. We coordinate outside legal, accounting, and business advisory resources as necessary, bringing it all together for our clients.

We are committed to unbiased, professional service and uncommon results. As a member of the National Association of Personal Financial Advisors (NAPFA), we have been dedicated to Fee-Only wealth management for nearly three decades. Relax in the knowledge that we are fiduciaries paid only by you, our clients, and not by insurance, mutual fund, or brokerage companies who may not always have your best interests in mind.

## *Who is Our Client?*

**OUR CLIENT IS SOMEONE WHO WANTS EXCEPTIONAL STEWARDSHIP OVER HIS/HER ASSETS.**

There is no typical BWFA client; each is an individual. We serve corporate and government executives, engineers and scientists, small business owners, medical professionals, retirees, and families. Our clients are well-educated and accomplished in their fields. Along the way many have accumulated significant wealth, investing \$1 million or more with us.

## *What Does Our Client Value?*

**OUR CLIENTS VALUE PEACE OF MIND, KNOWING THAT THEY ARE MAKING THE MOST OUT OF THEIR WEALTH.**

Our clients value high-quality advice, planning, investment management, and tax help, and benefit from the coordination of these services at one firm. Clients come to us for expert advice and the confidence that comes from having a dedicated financial advisor. Most are busy in their careers or are enjoying a hard-earned retirement and don't want to spend valuable time managing financial affairs.



# Our History

Baltimore-Washington Financial Advisors, Inc. was founded in 1986 and is headquartered in Columbia, Maryland. It is among the largest and oldest independent, Fee-Only financial advisory firms in the Baltimore-Washington metropolitan area.

BWFA has been recognized as a top firm in the industry, with honors and appearances in *Worth*, *Forbes*, and *Fortune* magazines. BWFA experts have been quoted in the *Wall Street Journal*, *New York Times*, *Businessweek*, *Washington Post*, *Baltimore Sun*, and *InvestmentNews*.

In the early years, Saxon Birdsong led a team of investment, planning and tax experts at BWFA. Our motto became “putting the pieces together” for clients, highlighting the firm’s expert offerings of these three key financial services to its clients. From the very beginning, BWFA was committed to meeting the need for coordinated, comprehensive financial services. Clients were drawn to this convenient business model that addressed key aspects of their finances and provided exceptional service all under one roof.

Today, Rob Carpenter is President and CEO of BWFA. Rob has continued to make the firm’s primary focus that of providing its clients with top-quality service. This commitment to excellence has led to a growing client base.

In order to continue providing the same level of exceptional service to its growing client family, BWFA has added new financial experts. Our dynamic team includes CERTIFIED FINANCIAL PLANNER™ professionals, Certified Public Accountants, Master of Business Administration professionals, a Master of Science in Taxation professional, a Master of Science in Finance professional, and a Chartered Financial Analyst.

In addition to its core services of retirement and estate planning, investment management, and tax services, BWFA has recently added a Business Services Division. This Division is designed to help meet the needs of existing and potential business owners in the community. The BWFA team has grown to over 20 professionals who service clients throughout the country. BWFA continues to help its growing client family “put the pieces together.” We look forward to using our expertise to serve you and meet your financial needs.





# Our Philosophy

Fee **FO** Only

## FEE-ONLY, PERIOD

We don't sell anything here except our advice. We are strictly Fee-Only, meaning compensation for the services we provide comes solely from our clients. We participate in no contests, commissions, or bonuses. Our clients always come first, and we are free from the conflicts of interest that are common among other firms.

## ADVICE LEADS THE WAY

BWFA clients receive comprehensive, coordinated financial advice on investment management, financial planning, taxes, and business services. Through a close personal relationship with an experienced advisor we can help you:

- ~ Manage your investments to provide the growth and/or income your family requires
- ~ Plan for a predictable and secure retirement
- ~ Plan for a smooth transfer of your estate, while minimizing tax consequences
- ~ Avoid unexpected taxes
- ~ Provide advice on mergers and acquisitions for small- to middle-market companies

## RELAX, WE'RE ON THE JOB

Let us help you bring order to your affairs, achieve your goals, and relax in retirement.

We offer investment management clients the opportunity to:

- ~ Avoid costly investment pitfalls
- ~ Evaluate alternative approaches to lowering investment risk and improving return
- ~ Reduce excessive fees
- ~ Reduce taxes and other costs of excessive trading

## HONEST FEES FOR HONEST WORK

At the end of our initial meeting, we will present you with options on how we can assist you and what it will cost. You may be offered flat or percentage rates, or a mixture depending on the engagement. We do not charge for initial consultations. Clients' annual investment management fees range from .65% to 1.25% of assets under management, depending on the size of their accounts. We quote fees up front so there are no surprises.

## A TEAM OF SPECIALISTS LED BY YOUR ADVISOR

At BWFA, you work with a dedicated Advisor who is supported by a cadre of experienced professionals. We take time to become comfortable with each other, carefully analyzing the intricate financial affairs unique to your situation. You get solid, no-nonsense counsel from experienced people you will come to know well. We have dedicated investment management, planning, tax, and business services resources in-house, and will bring in legal, accounting, and other experts as necessary.



# *Our Core Services*

## INVESTMENT MANAGEMENT

At BWFA, we construct and manage investment portfolios tailored to our clients' needs and preferences. Generally, these needs fall into three simple categories: growth investments for our younger clients, conservative growth and income investments for our clients who are nearing retirement, and income-producing investments for our clients who are in retirement and need income from investments to support their lifestyles.

We select investments we believe are appropriate, monitor their ability to meet your growth and/or income objectives, and make changes when necessary. The following pages will provide more detail about our approach and our investment models.

## RETIREMENT AND ESTATE PLANNING

Retirement and Estate planning is often the center of our ongoing relationship with our clients. We provide planning for clients of any age and financial circumstance. Our Financial Blueprints target those just starting out professionally, and provide guidelines for financial issues encountered when beginning a career. Our Pre-Retirement plans target those who are already established professionally and are juggling multiple priorities, such as retirement saving, college saving, and purchasing a home. Our Retirement plans are aimed towards those who are within 5 years of, or already in, retirement. Estate plans are applicable to any age or circumstance.

Comprehensive retirement and estate planning is a careful, precise process. Our experts help bring clarity to your goals, and identify issues, problems, and solutions that give you confidence in your ability to meet your goals. We use the latest and most sophisticated forecasting techniques available, and provide year by year financial benchmarks to measure and evaluate your progress. Using our techniques and annual plan review meetings, we are able to make mid-course corrections to make sure you stay on target. The payoff is peace of mind.

We are careful to review the entire financial background of each client before making any recommendations. The brief form you are sent prior to our first session includes questions on insurance, investments, pensions, estate planning matters, taxes, income, and cash flow. Together we discuss your concerns and will then propose an approach to addressing them, as well as an estimate of the fee we will charge to do it. This is no hidden agenda, and no undisclosed conflicts of interest.

## TAX PLANNING & PREPARATION

Each year our clients have the opportunity to meet with a BWFA advisor to do tax planning. Few people like the idea of turning over their hard-earned money to the government. As advisors, we stay on top of new tax legislation and are always looking for ways to reduce our clients' tax burden. Tax planning and preparation goes well beyond the yearly income tax returns that must be filed. We are also concerned about our clients' estate and gift tax planning, and avoidance of the various penalties that may apply to retirement plan distributions. An advantage of offering income tax preparation to our financial planning and investment advisory clients is that we are better prepared to give wise tax advice.

Without a solid financial plan, individuals will likely pay more in taxes than would otherwise be necessary. By trying to anticipate and properly plan for the events in our clients' lives that generate large tax liabilities, we may be able to increase the overall wealth that our clients retain.

## BUSINESS SERVICES

You have worked hard shaping your business into a successful enterprise. At BWFA, we believe you deserve the same level of effort from the team working to sell it. Our team of business experts at BWFA provides comprehensive Mergers & Acquisitions Services for small- to middle-market companies and their owners. Our services include business valuations, exit planning advisory, sell-side services, buy-side services, and corporate financing.

We bring value to every transaction by working extensively with the business owner to determine the best solution for his or her particular situation. Our experience spans multiple industries, including healthcare, information technology, government contracting, manufacturing, construction, wholesalers/distributors, business services, and professional services.





# BWFA'S INVESTMENT MANAGEMENT PROCESS

## INVESTMENT STRATEGY

Our aim is to create diversified portfolios that earn favorable investment returns while reducing volatility and risk according to the parameters of each client's chosen investment model. We work to achieve strong performance over multiple market cycles, relying on the application of a proven investment process. We adhere to an investment philosophy that values both vision and discipline. We do not believe that long-term goals can be met by chasing short-term results. Instead, we focus on the larger picture while remaining mindful of the current environment.

## WE START BY GETTING TO KNOW OUR CLIENTS

BWFA's advisors evaluate a client's financial goals, financial situation, income needs, tax circumstances, and investment risk tolerance. Based on these factors, we design, construct, and implement an investment portfolio appropriate to the client's specific needs and goals. The portfolio we construct for the client conforms to the BWFA investment model chosen by the client in consultation with his/her BWFA Portfolio Manager.

## TWO INVESTMENT APPROACHES OFFERED

**Separately Managed Accounts** – For clients with managed accounts in excess of \$500,000, BWFA has designed model portfolios that can hold individual stocks and bonds as well as collective investment funds (mutual funds and exchange-traded funds) that target specific allocations within the investment model. By investing primarily in individual securities, clients receive a customized portfolio with the following benefits:

- ~ **Lower costs due to the avoidance of the additional fees associated with investing in collective investment funds**
- ~ **Consideration of tax planning issues allowing us to:**
  - *Optimize the tax treatment of securities transactions*
  - *Determine whether securities should be placed in taxable or tax-deferred investment accounts*
- ~ **Complete control over when securities are bought and sold and which securities are held, providing:**
  - *The ability to accommodate special investment requests*
  - *The ability to minimize/eliminate the redundancy that can occur when using collective investments*
- ~ **Transparency:**
  - *Clients know the exact securities held in their portfolios*
- ~ **Allocation around existing concentrated positions, thus better managing risk:**
  - *For example, a portfolio manager can avoid purchasing energy-related securities for a client that works for an oil company and already has significant investment exposure to that industry*

**Wealth Accumulation Platform** – BWFA generally recommends this approach for clients investing up to \$500,000. Our wealth accumulation platform uses model portfolios that are primarily invested in collective investments such as index funds, actively managed mutual funds, and exchange-traded funds. We believe these investment alternatives provide the necessary diversification to control risk at a reasonable cost.

**Regardless of which approach is right for you, you'll receive the attentive, customized service that is fundamental to our culture.**





# Portfolio Management

## OUR INVESTMENT PHILOSOPHY AND APPROACH

We utilize a bottom-up, value-based, fundamental research approach. We endeavor to select those securities that we believe represent the most attractive opportunities for our clients over the long term. We do not believe that long-term goals can be met by chasing short-term results. Instead, we focus on the bigger picture while also paying attention to the investment environment. Our core investment time horizon is typically three to five years. This can be seen in our low portfolio turnover. Thus, we are long-term investors.

Our investment objective is long-term growth of capital. In pursuing this objective we focus on investing in securities that we believe are undervalued at the time of purchase and have the potential for growth. A guiding principle is the consideration of equity securities, such as common stocks, as units of ownership of a business that we endeavor to purchase when their price appears low in relation to the value of the total enterprise. We invest in securities of U.S. and non-U.S.-based companies, and may hold shares in small-, mid- and large-cap securities.

We typically sell a security when the company shows deteriorating fundamentals, its earnings progress falls short of our expectations, its valuation appears excessive relative to its expected future earnings, management has made missteps or changed strategy, the original thesis for buying the shares no longer applies, or we have accounting-related concerns.

## OUR RESEARCH PROCESS

Potential equity investment opportunities are identified utilizing a variety of sources and methods, such as research we perform on other investments (that leads us to consider competitors, related industries, etc.), our investment and economic outlook, and quantitative assessment (based on fundamental factors, such as earnings, cash flow, margin analysis, balance sheet strength, etc.).

Prospective investments are analyzed in detail, using a fundamentally based, bottom-up approach. Our research methodology includes a thorough examination of a company's strategy and outlook, its unique financial characteristics, and the capabilities of its management. In addition, we consider current economic trends as well as our expectations for the future. As part of our analysis, we review key events, SEC filings, published analyses, and other developments that we believe may influence the valuation and long-run suitability of investments. As part of our research process to assess a company's fundamental value, we study its balance sheet, cash flow statement, and earnings history, and evaluate its future prospects.

At the conclusion of the research process, our Chief Investment Analyst presents his or her research to our Investment Committee and a vote is taken to determine whether or not our Investment Committee believes the security is suitable for client portfolios. Our Chief Investment Analyst and our Investment Committee also regularly review securities currently held in client portfolios to determine if they still meet our investment criteria.

## INVESTMENT COMMITTEE

Our Investment Committee includes our Chief Investment Officer, Chief Investment Analyst and all of our Portfolio Managers. Our Investment Committee has a significant depth of industry experience. Over the years they have navigated difficult markets with steadiness and skill. We use a collaborative approach. Our team carefully considers proposed investments and evaluates their potential for capital appreciation and dividend return.

## MANAGE OUR CLIENTS' WEALTH

Our Portfolio Managers provide ongoing oversight and management of our clients' investments in accordance with the Investment Committee's analysis of current economic and market conditions. BWFA's portfolio managers make changes in a client's portfolio only when they believe the changes will benefit the client. Because BWFA receives no compensation for making trades, advisors can act in the best interests of their clients.

## INVESTMENT MODELS

BWFA offers eight different investment models in order to meet the needs and goals of individual clients. Models range in risk level from Aggressive Growth to Capital Preservation, with six levels in between. Each model provides specific guidelines for allocating client investments among various asset types. Clients choose a BWFA investment model in consultation with their advisor. Each client is encouraged to complete a standard investment risk tolerance assessment. Results of the assessment help the client and advisor understand the client's attitude toward investment risk and confirm the suitability of the selected investment model.





# Investment Models

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**AGGRESSIVE GROWTH**

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**CAPITAL APPRECIATION**

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**CONSERVATIVE GROWTH**

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**GROWTH AND INCOME**

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**INCOME AND GROWTH**

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**INCOME**

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**TAX EXEMPT INCOME**

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**CAPITAL PRESERVATION**

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# Aggressive Growth

## OBJECTIVES

The BWFA Aggressive Growth model seeks to provide clients with maximum capital appreciation. Generating income is not a goal of this model. Clients who choose this model should expect significant fluctuation in portfolio value. This model is designed to suit investors who are able to tolerate high volatility – generally those who are young and have strong financial resources and an investment horizon of longer than ten years. Portfolios invested according to this model may have large short-term gains and losses, but also offer potential for long-term rates of return higher than those of BWFA's more conservative investment models.

## INVESTMENT DETAILS

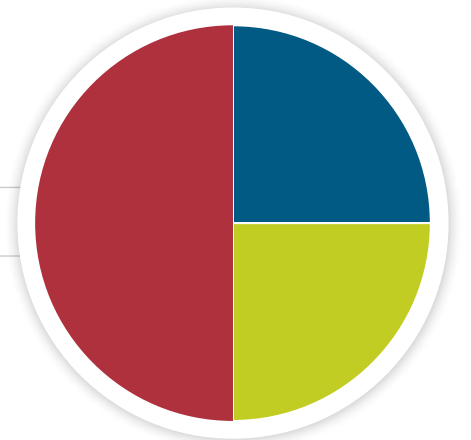
The heavy emphasis on growth in this model orients the portfolio to stocks of companies experiencing high earnings growth, strong revenue growth, and a sustainable competitive advantage. Investments primarily consist of small- and mid-capitalization equities, large-capitalization equities experiencing strong growth, and stocks of companies with special situations that provide the potential for considerable short-term returns. A significant portion of portfolio assets is allocated toward international equities. The international equities we seek represent companies based outside the United States that meet our investment criteria. We avoid using income-producing investments in this model.

### MODEL ASSET ALLOCATION:

AGGRESSIVE GROWTH EQUITIES 50%

LONG-TERM GROWTH EQUITIES 25%

INTERNATIONAL EQUITIES 25%



### INVESTMENT STRATEGY:

Our aim is to create diversified client portfolios that earn favorable investment returns while controlling volatility and risk according to the parameters of each client's chosen investment model. We work to achieve strong performance over multiple market cycles, relying on the application of a proven investment process. We adhere to an investment philosophy that values both vision and discipline. We do not believe that long-term goals can be met by chasing short-term results. Instead, we focus on the larger picture while remaining mindful of the current environment.



# Capital Appreciation

## OBJECTIVES

The BWFA Capital Appreciation model seeks long-term appreciation of capital with a modest level of current income. Clients who choose this model should expect significant fluctuation in portfolio value (but less than is likely to occur with the BWFA Aggressive Growth Model). This model is designed to suit investors who are able to tolerate volatility – generally those who are young and have strong financial resources and an investment horizon of greater than five years. Portfolios invested according to this model may have uncertain short-term investment returns, but offer potential for long-term rates of return higher than those of BWFA's more conservative investment models.

## INVESTMENT DETAILS

Portfolios following this model invest primarily in equities of well-established companies. The emphasis on growth in this model orients the portfolio to stocks of companies experiencing high earnings growth, strong revenue growth, and a sustainable competitive advantage. A portion of portfolio assets is allocated toward international equities. The international equities we seek represent companies with based outside the United States that meet our investment criteria. We avoid using income-producing investments in this model.

### MODEL ASSET ALLOCATION:

AGGRESSIVE GROWTH EQUITIES 25%

LONG-TERM GROWTH EQUITIES 30%

GROWTH & INCOME EQUITIES 25%

INTERNATIONAL EQUITIES 20%



### INVESTMENT STRATEGY:

Our aim is to create diversified client portfolios that earn favorable investment returns while controlling volatility and risk according to the parameters of each client's chosen investment model. We work to achieve strong performance over multiple market cycles, relying on the application of a proven investment process. We adhere to an investment philosophy that values both vision and discipline. We do not believe that long-term goals can be met by chasing short-term results. Instead, we focus on the larger picture while remaining mindful of the current environment.



# Conservative Growth

## OBJECTIVES

The BWFA Conservative Growth model seeks capital appreciation with slightly less fluctuation in value than the overall equity market. It also seeks a moderate level of current income. This is the investment model that is chosen most often by BWFA clients.

## INVESTMENT DETAILS

This model includes investments in all classes of equities, along with a small portion in income-producing securities to provide a “downside cushion” in declining equity markets. The emphasis on growth in this model orients the portfolio to stocks of companies experiencing high earnings growth, strong revenue growth, and a sustainable competitive advantage. A portion of portfolio assets is allocated toward international equities and international bonds. The international investments we seek represent institutions outside the United States that meet our investment criteria.

### MODEL ASSET ALLOCATION:

|                            |     |
|----------------------------|-----|
| AGGRESSIVE GROWTH EQUITIES | 15% |
| LONG-TERM GROWTH EQUITIES  | 20% |
| GROWTH & INCOME EQUITIES   | 25% |
| INTERNATIONAL EQUITIES     | 10% |
| INTERNATIONAL INCOME       | 10% |
| INCOME SECURITIES          | 20% |



### INVESTMENT STRATEGY:

Our aim is to create diversified client portfolios that earn favorable investment returns while controlling volatility and risk according to the parameters of each client’s chosen investment model. We work to achieve strong performance over multiple market cycles, relying on the application of a proven investment process. We adhere to an investment philosophy that values both vision and discipline. We do not believe that long-term goals can be met by chasing short-term results. Instead, we focus on the larger picture while remaining mindful of the current environment.



# Growth and Income

## OBJECTIVES

The BWFA Growth and Income model seeks moderate growth using conservative equity investments with strong dividends. Returns from investments provide both income for current consumption and a level of “downside” protection in a declining market. The Growth and Income model is designed to suit retirees seeking current income along with a modest level of growth.

## INVESTMENT DETAILS

Investments in this model primarily consist of large dividend-paying stocks and large-capitalization growth stocks. The emphasis on growth in this model orients the portfolio to stocks of companies experiencing high earnings growth, strong revenue growth, and a sustainable competitive advantage. The income orientation of the model seeks stable income with relatively low risk to capital. A portion of portfolio assets is allocated toward international equities and international bonds. The international investments we seek represent institutions outside the United States that meet our investment criteria. This model also holds a modest allocation to liquid assets.

### MODEL ASSET ALLOCATION:

|                           |     |
|---------------------------|-----|
| LONG-TERM GROWTH EQUITIES | 15% |
| GROWTH & INCOME EQUITIES  | 35% |
| INTERNATIONAL EQUITIES    | 10% |
| HIGH INCOME SECURITIES    | 10% |
| INTERNATIONAL INCOME      | 10% |
| INCOME SECURITIES         | 15% |
| MONEY MARKET              | 5%  |



### INVESTMENT STRATEGY:

Our aim is to create diversified client portfolios that earn favorable investment returns while controlling volatility and risk according to the parameters of each client’s chosen investment model. We work to achieve strong performance over multiple market cycles, relying on the application of a proven investment process. We adhere to an investment philosophy that values both vision and discipline. We do not believe that long-term goals can be met by chasing short-term results. Instead, we focus on the larger picture while remaining mindful of the current environment.



# Income and Growth

## OBJECTIVES

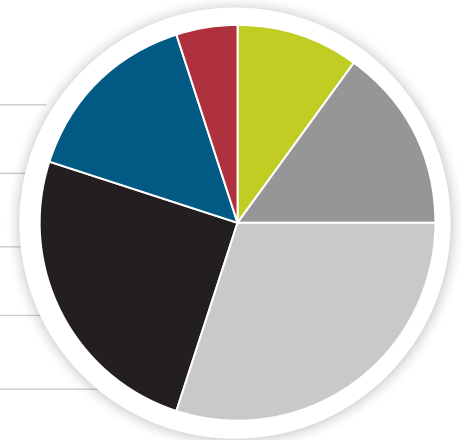
The BWFA Income and Growth model emphasizes income needs over growth. Returns from investments provide both income for current consumption and a level of “downside” protection in a declining market. This model is designed to suit investors who are low risk takers primarily concerned with current income. Investors using this model are generally not overly concerned about growing their wealth.

## INVESTMENT DETAILS

Portfolios following this model are invested primarily in income-producing securities intended to provide income with sufficient growth to maintain a consistent inflation-adjusted income level. The significant income orientation of the model seeks stable income with relatively low risk to capital. The modest emphasis on growth in this model orients the portfolio to stocks of companies experiencing high earnings growth, strong revenue growth, and a sustainable competitive advantage. Equity investments in this model consist of large dividend-paying stocks and large-capitalization growth stocks. A portion of portfolio assets is allocated toward international bonds. The international bonds we seek represent institutions outside the United States that meet our investment criteria. This model also holds a modest allocation to liquid assets.

### MODEL ASSET ALLOCATION:

|                           |     |
|---------------------------|-----|
| LONG-TERM GROWTH EQUITIES | 15% |
| GROWTH & INCOME EQUITIES  | 25% |
| HIGH INCOME SECURITIES    | 15% |
| INTERNATIONAL INCOME      | 10% |
| INCOME SECURITIES         | 30% |
| MONEY MARKET              | 5%  |



### INVESTMENT STRATEGY:

Our aim is to create diversified client portfolios that earn favorable investment returns while controlling volatility and risk according to the parameters of each client’s chosen investment model. We work to achieve strong performance over multiple market cycles, relying on the application of a proven investment process. We adhere to an investment philosophy that values both vision and discipline. We do not believe that long-term goals can be met by chasing short-term results. Instead, we focus on the larger picture while remaining mindful of the current environment.



# Income

## OBJECTIVES

The BWFA Income model seeks to earn a market rate of income return that is consistent with prevailing interest rates. This model is designed to suit very conservative investors who are primarily concerned with generating a stable level of income from their investment portfolios.

## INVESTMENT DETAILS

Portfolios following this model are invested primarily in income-producing investments such as debt instruments and high-yielding equity issues. The income orientation of the model seeks stable income with minimal risk to capital. The very modest growth aspect of this model orients the portfolio to stocks of companies experiencing normal earnings growth and modest revenue growth. The equity investments in this model consist of large dividend-paying stocks and large-capitalization growth stocks. A portion of portfolio assets is allocated toward international bonds. The international bonds we seek represent institutions outside the United States that meet our investment criteria. This model also holds a modest allocation to liquid assets.

### MODEL ASSET ALLOCATION:

|                          |     |
|--------------------------|-----|
| GROWTH & INCOME EQUITIES | 20% |
| HIGH INCOME SECURITIES   | 15% |
| INTERNATIONAL INCOME     | 15% |
| INCOME SECURITIES        | 40% |
| MONEY MARKET             | 10% |



### INVESTMENT STRATEGY:

Our aim is to create diversified client portfolios that earn favorable investment returns while controlling volatility and risk according to the parameters of each client's chosen investment model. We work to achieve strong performance over multiple market cycles, relying on the application of a proven investment process. We adhere to an investment philosophy that values both vision and discipline. We do not believe that long-term goals can be met by chasing short-term results. Instead, we focus on the larger picture while remaining mindful of the current environment.



# Tax-Exempt Income

## OBJECTIVES

The BWFA Tax-Exempt Income model seeks to provide tax-free income to individuals who have a high level of federal taxable income and who need income and/or capital preservation.

## INVESTMENT DETAILS

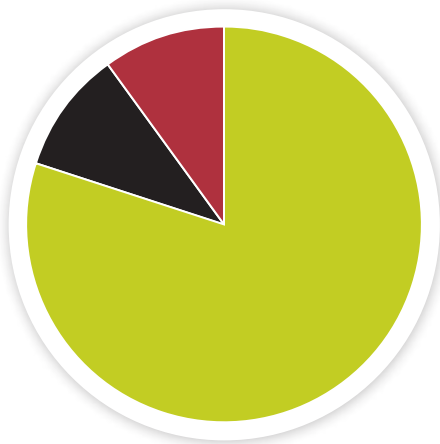
Portfolios following this model invest primarily in state-issued general obligation bonds and highly rated state revenue bonds.

## MODEL ASSET ALLOCATION:

TAX-EXEMPT INCOME SECURITIES 80%

GROWTH & INCOME EQUITIES 10%

MONEY MARKET 10%



## INVESTMENT STRATEGY:

Our aim is to create diversified client portfolios that earn favorable investment returns while controlling volatility and risk according to the parameters of each client's chosen investment model. We work to achieve strong performance over multiple market cycles, relying on the application of a proven investment process. We adhere to an investment philosophy that values both vision and discipline. We do not believe that long-term goals can be met by chasing short-term results. Instead, we focus on the larger picture while remaining mindful of the current environment.

# Capital Preservation

## OBJECTIVES

The BWFA Capital Preservation model seeks to preserve capital and avoid the price volatility of stocks. This model is, however, subject to bond price fluctuations.

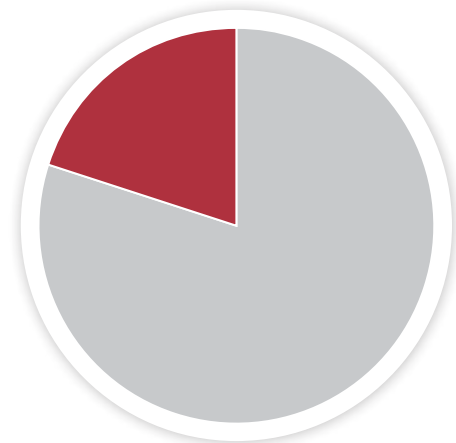
## INVESTMENT DETAILS

Portfolios following this model invest primarily in high-quality, short-duration debt securities such as money market mutual funds, short-term bond funds, certificates of deposits (CDs), US Treasury securities, and investment-grade corporate bonds with maturities of no longer than five years.

## MODEL ASSET ALLOCATION:

INCOME SECURITIES 80%

MONEY MARKET 20%



## INVESTMENT STRATEGY:

Our aim is to create diversified client portfolios that earn favorable investment returns while controlling volatility and risk according to the parameters of each client's chosen investment model. We work to achieve strong performance over multiple market cycles, relying on the application of a proven investment process. We adhere to an investment philosophy that values both vision and discipline. We do not believe that long-term goals can be met by chasing short-term results. Instead, we focus on the larger picture while remaining mindful of the current environment.



# Client's Bill of Rights

WE HAVE LEARNED WHAT IS IMPORTANT TO OUR CLIENTS WHEN THEY WORK WITH US. WE HOPE THAT BY ARTICULATING THESE PRINCIPLES OUR CLIENTS AND OUR ASSOCIATES WILL BETTER UNDERSTAND HOW WE INTEND TO OPERATE OUR FIRM AND DELIVER OUR SERVICES.

## CLARITY AND SIMPLICITY COUNT

COMMUNICATING COMPLEX AND CONFUSING ISSUES IN A STRAIGHTFORWARD AND EASILY UNDERSTOOD WAY TAKES EFFORT AND SKILL, AND WE FULLY ACCEPT THIS CHALLENGE. OUR GOAL IS TO MAKE THINGS SIMPLE AND UNDERSTANDABLE IN ALL OUR COMMUNICATIONS WITH CLIENTS.

## SETTING AND MEETING EXPECTATIONS

WE TAKE RESPONSIBILITY FOR DELIVERING OUR SERVICES ACCURATELY, ON TIME, AND IN A WAY THAT IS CONSISTENT WITH OUR CLIENTS' EXPECTATIONS. INTERACTIONS BETWEEN PEOPLE FREQUENTLY LEAVE ROOM FOR MISUNDERSTANDING, AND MISUNDERSTANDING LEADS TO FRUSTRATION AND DISAPPOINTMENT. WE WORK TO AVOID DISAPPOINTMENTS OR "SURPRISES" FOR OUR CLIENTS, AND TAKE STEPS TO ENSURE CLIENTS ARE HIGHLY SATISFIED WITH THE WORK WE DO FOR THEM.

## ACKNOWLEDGING OUR LIMITATIONS

WE ARE NOT EXPERTS IN ALL AREAS BUT OUR CLIENTS NEED EXPERT ANSWERS. WE WILL NOT HESITATE TO UTILIZE THE EXPERTISE OF OTHER PROFESSIONALS IF WE BELIEVE THAT A BETTER SOLUTION WILL RESULT FOR OUR CLIENT. WE ALWAYS WORK IN OUR CLIENTS' BEST INTERESTS, WITHOUT EXCEPTION.

## PROMPT AND ACCURATE ANSWERS

WE KNOW OUR CLIENTS EXPECT US TO RESPOND PROMPTLY AND APPROPRIATELY TO ALL QUESTIONS AND INQUIRIES. WE ARE CONSTANTLY ENHANCING OUR PROCEDURES AND INTERNAL SYSTEMS TO MAKE IT FAST AND EASY FOR OUR CLIENTS TO GET THE ANSWERS THEY NEED.

## WE ARE AVAILABLE

OUR CLIENTS CAN CONTACT US WHENEVER THEY HAVE A QUESTION OR CONCERN ABOUT THEIR FINANCIAL AFFAIRS OR OUR SERVICES. WE PROVIDE ONGOING COMMUNICATION IN THE FORM OF PERIODIC EMAILS, QUARTERLY NEWSLETTERS, AND ANNUAL REVIEWS. WHEN MORE INDIVIDUAL ATTENTION IS NEEDED, WE ARE ALWAYS AVAILABLE FOR PHONE CONVERSATIONS OR FACE-TO-FACE MEETINGS.

## LOOKING BEYOND THE NUMBERS

EACH CLIENT IS UNIQUE AND NEEDS INDIVIDUAL SOLUTIONS. WE WANT TO UNDERSTAND WHAT IS IMPORTANT TO EACH CLIENT, SO WE CAN PROVIDE RECOMMENDATIONS THAT WORK FOR THEM. MUCH OF OUR ANALYSIS INVOLVES THE USE OF NUMBERS AND QUANTITATIVE TECHNIQUES, BUT WE ALSO STRIVE TO UNDERSTAND OUR CLIENTS' DREAMS, FEARS, AND AMBITIONS.

## TRUST ENGENDERS OBLIGATIONS

WE RECOGNIZE THAT WE ARE IMPORTANT IN THE LIVES OF OUR CLIENTS. THEY HAVE ENTRUSTED US WITH THEIR MOST SENSITIVE AND CONFIDENTIAL INFORMATION. OUR CLIENTS HAVE THE RIGHT TO EXPECT THAT WE WILL HONOR THE CONFIDENCE THEY HAVE PLACED IN US BY DELIVERING THE BEST SERVICE WE CAN, WITH CARE AND SKILL.

# B | W | F | A

## *Credo*

*Great organizations have people who share the same values. These values become the foundation for the organization's culture, and the culture influences how people do their jobs. Once the organization's culture is established, everyone knows what to do because they are guided by the shared values of the organization.*

*These are the values that define the culture of our organization*

Treat others the way you want to be treated.

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Be friendly, clear, concise, and complete.

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Start with the conclusion, and finish with the details.

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Tell the WHOLE truth, it's what people don't tell you that causes problems.

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Be transparent; no surprises.

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Respond promptly to others, so they know you care. If you don't know what to do, DON'T do nothing.

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Be authentic and keep your promises.

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Acknowledge your limits, and seek help from others.

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Life gets complicated; simplify it.

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Big problems are really just a collection of small ones; take them one at a time.

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Enjoy life, and have fun. Know what's important to you and others.

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Make a difference to someone; it fulfills you both.

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# Our Capabilities

## INVESTMENT MANAGEMENT

- Custom portfolio management
- Asset allocation
- Performance monitoring
- Risk management analysis
- Selection of securities under investment committee oversight

## FINANCIAL PLANNING

### Retirement

- Prepare retirement needs analysis
- Consult on funding and disbursement strategies
- Advise on Social Security benefit strategies
- Advise on tax deferral strategies such as deferred compensation and retirement plans
- Calculate minimum required distributions
- Review and advise on employer retirement plan investment options and allocations

### Estate

- Review estate planning documents and discuss potential strategies
- Prepare summary / flowcharts of estate plan
- Analyze estate strategies
- Coordinate with and provide data to your estate planning attorney
- Facilitate changes to beneficiary designations and retitling of accounts
- Consult on and assist in estate administration

### Insurance

- Summarize insurance policies
- Prepare needs analysis for life, disability, and long-term care
- Act as liaison to licensed insurance professionals (life, disability, long-term care and medical)
- Request information from providers
- Coordinate implementation of new policies and/or surrender of existing policies

## FINANCIAL PLANNING—Cont'd

### Employee Stock Plans

- Prepare schedules of employee stock benefits
- Recommend divestiture strategies
- Prepare analyses such as section 83(b) election and net unrealized appreciation (NUA)

### Gifting

- Advise on family and charitable gifting strategies
- Analyze funding techniques
- Review and analyze impact on financial and estate plans
- Analyze income tax impact

## TAX SERVICES

- Tax returns for individuals, families, trusts, and businesses
- Tax Planning services including:
  - Stock option tax analysis
  - Tax-free disposition of real estate
  - Choice of business entity
  - Responses to tax agency audits or letters
  - Representation at audits
  - Planning for large charitable donations
  - Multi-year alternative minimum tax planning projects

## BUSINESS SERVICES

- Business Valuations
- Exit Planning / Succession Planning
- Sell-Side Mergers & Acquisitions
- Buy-Side Mergers & Acquisitions
- Corporate Financing





# BWFA TEAM

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## EXPECTATIONS

Relax knowing that experienced professionals are looking after your investments every day so you can focus on things that are important to you. Have confidence that you have a customized retirement plan that is updated every year and adjusted for your changing circumstances.

Minimize unnecessary taxes and other expenses with the assistance of an integrated team of financial experts.

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5950 SYMPHONY WOODS ROAD  
SUITE 600  
COLUMBIA, MD 21044

## I LIKE WHAT I HEAR. WHAT'S NEXT?

- **Step 1:** Call **888-461-3900** to set up a free initial consultation.
- **Step 2:** Fill out our initial consultation form and bring it along with all recent account statements, tax returns, and any other documents you wish to discuss.
- **Step 3:** Visit our office in Columbia, meet some of our experts, see a sample plan, and get a good preview of what it is like to be a BWFA client.
- **Step 4:** Sign a service agreement and you're a new BWFA client.

We'll be with you every step of the way to make it easy and smooth. Our operations expert can even help transfer your old accounts to BWFA.

*We look forward to working with you.*

# *Our Mission*

**AT BWFA OUR MISSION IS TO PROVIDE SUPERIOR FINANCIAL ADVICE AND DELIVER A HIGH-QUALITY CLIENT EXPERIENCE.**

Understanding our clients' needs and goals is the top priority at BWFA. We achieve this through consistent, two-way communication with every client. We don't believe in a one-size-fits-all approach; every client is unique, and we are prepared to adjust our strategies when new situations arise in our clients' lives.

As an independent, Fee-Only advisory firm, we put our allegiance to our clients first. We have no commitments to investment companies, insurance companies, or management firms that encroach on our fiduciary responsibility to our clients. Without hidden incentives or financial ties, our expert staff members are free to singularly focus on what we do best: personally deliver objective financial advice to individuals, families, and organizations.

At every level, BWFA's service meets the highest standard for honesty, confidentiality, and integrity.

These principles have motivated us since the company's inception more than 28 years ago, and they continue to provide the foundation for all that we do today.

Our commitment to our clients is paramount.

I would personally like to thank you for taking a closer look at our firm and would love the opportunity to work for you.

*Robert Carpenter*







*Baltimore-Washington*

FINANCIAL ADVISORS

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BETTER SOLUTIONS. BETTER SERVICE. BETTER RESULTS.