

June 30, 2020

# Customer Relationship Summary

BHK Securities, LLC

Form CRS

BHK Securities, LLC ("BHK") is registered with the Securities and Exchange Commission ("SEC") as an investment adviser and as a broker-dealer and is also a member of FINRA, MSRB and SIPC. Investment advisory services are also offered through BHK Investment Advisors, LLC ("BHKIA"), an affiliated RIA. Information regarding BHKIA is available in a separate Customer Relationship Summary. Brokerage and investment advisory services and fees differ, and it is important for the retail investor to understand the differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

- Terms to know**
- **A broker-dealer is a firm that acts as an intermediary between buyers and sellers of securities for which they will usually receive a commission and may purchase or sell those securities in/out of their own account.**
  - **An investment adviser is generally any person or group that provides investment advice or conducts securities analysis in exchange for a fee.**

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

BHKS offers both brokerage services and investment advisory services to retail investors. Brokerage services offered include buying and selling securities. All recommendations regarding your advisory account will be made in an advisory capacity, and all recommendations regarding your brokerage account will be in a broker-dealer capacity. When we make a recommendation to you, we will expressly tell you orally which account we are discussing.

**Brokerage Services:** We offer full-service brokerage to retail investors, providing recommendations in the purchase and sale of a variety of security products. We offer many different brokerage account types including individual and joint accounts, custodial accounts, estate and trust accounts, individual retirement accounts, 529 accounts, annuities and other types of retirement accounts as outlined in our account agreement(s). You should refer to our account agreement(s) for more information concerning available account types or speak with a registered representative.

Within your brokerage account, we may also provide other incidental services such as research reports, and recommendations to buy, sell, or hold assets. When we make a securities recommendation, investment strategy recommendation or recommendation to rollover assets from your Qualified Retirement Plan (QRP) to an Individual Retirement Account (IRA), the recommendation is made in our capacity as a broker-dealer unless otherwise stated at the time of the recommendation. Any such statement will be made orally to you. Moreover, when we act in a brokerage capacity, we do not agree to enter into a fiduciary relationship with you.

It is important for you to understand that when our financial advisors make a brokerage recommendation to you, we are obligated to ensure the recommendation is in your best interest, considering reasonably available alternatives, and based on your stated investment objective, risk tolerance, liquidity needs, time horizon, financial needs, tax status, and other financial information you provide us. You may accept or reject any recommendation. It is also your responsibility to monitor the investments in your brokerage account, and we encourage you to do so regularly. We do not commit to provide on-going monitoring of your brokerage account. If you prefer on-going monitoring of your account or investments, you should speak with a financial advisor about whether an advisory services relationship is more appropriate for you.

There is no minimum initial account balance required to open a brokerage account with us. However, if you either fail to fund your account or do not return account opening documents as required, your account will be closed. In addition, some types of brokerage accounts have minimum account activity requirements and/or minimum on-going balance requirements that must be maintained, or your brokerage account will be closed. These requirements are detailed in the account agreement(s) you receive when you open your brokerage account.

**Investment Advisory Services:** Investment advisory services include investment consulting and retirement plan consulting. Investment consulting services are offered through a wrap fee program or a non-wrap fee program. In a wrap fee program, clients are charged an all-inclusive wrap fee that covers advisory and execution services. Third party money managers may be recommended as part of the advisory services offered depending on your asset allocation and asset management service needs. As part of our standard service we provide continuous and regular monitoring and are responsible for performing

periodic reviews and consulting with you at least annually. Investment consulting clients are provided with periodic reports of relevant activity.

Investment advisory services are offered on a discretionary and non-discretionary basis. In a discretionary account, the Adviser will have the authority to determine which securities are bought and sold without prior consultation with the client. Discretion is exercised in a manner consistent with the client's stated objectives, and any restrictions the client provides in writing. In a non-discretionary account, the client makes the ultimate decision regarding the purchase or sale of investments. Discretionary authority is provided as part of the Client Agreement. There is no minimum initial account balance required to open an advisory account with us. However, some programs do have an account minimum which varies.

Additional information about our services are available in our Regulatory BI Disclosure Brochure, our ADV Disclosure Brochure (Form ADV Part 2A, Items 4, 7, 13 and 16; or Form ADV Part 2A Appendix 1 Wrap Fee Program Brochure, Items 4 and 9) and on our website at <http://www.bhklc.com>.

**When considering our services, ask your financial professional:**

- Given my financial situation, should I choose a brokerage service? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education and other qualifications? What does these qualifications mean?

## What fees will I pay?

Fees are different for Brokerage and Advisory accounts. You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

**Brokerage Services:** We receive direct and indirect compensation in connection with your brokerage accounts. Direct compensation is taken directly from the brokerage account in the form of commissions on transactions. In addition, we receive a portion of the interest charged on margin balances. Commissions and other transaction-fees are charged when a trade occurs. You will be charged more when there are more trades in your account, and we, therefore, have an incentive to encourage you to trade often.

Transaction-based fees are based on a host of factors, including, but not limited to: underlying product selection; your brokerage service model and account type; size of your transaction and/or overall value of your account; frequency of your trade activity; and available discounts and/or fee waivers.

**Investment Advisory Services:** We charge an annualized asset-based fee, billed quarterly in advance of service. The actual fee each of you will pay is set forth in an Investment Advisory Agreement. The more assets there are in a retail investor's advisory account, the more a retail investor will pay in fees, and this creates an incentive for us to encourage you to increase the assets in your account. For wrap fee programs, the advisory fee includes transaction-based fees that are charged by the broker-dealer that has custody of the assets, and therefore, are higher than a non-wrap fee program.

**Other Fees and Costs:** Aside from the fees we charge you for providing investment advice, you will have to pay other fees related to brokerage or investment advisory services. Fees can be charged directly or indirectly. Direct fees include account maintenance fees (including IRA fees) charged by Wells Fargo Clearing Services, LLC ("First Clearing"), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Indirect fees include internal management fees (including 12b-1 fees and annual fund operating expenses) charged by mutual funds and exchange traded funds, which are disclosed in a fund's prospectus.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

**Additional information** about our fees are available on our Regulatory BI Disclosure Brochure, ADV Disclosure Brochure (Form ADV Part 2A, Item 5 ; or Form ADV Part 2A Appendix 1 Wrap Fee Program Brochure, Item 4) and in your Customer Agreement.

**When considering our services, ask your financial professional:**

- Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

**What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?**

When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice we provide you. Here are some examples to help you understand what this means.

The Firm has a conflict of interest through its revenue sharing arrangements with First Clearing and other product providers, including mutual fund companies. For example, for certain clients, BHKS receives a portion of the Managed Admin Fees charged by First Clearing and therefore have an incentive to recommend the First Clearing platform over other custodians. We receive a portion of margin interest charged to clients that use margin and therefore have an incentive to recommend clients leverage their accounts through the use of margin. We earn more in revenue when we manage the client investments ourselves as opposed to hiring a third-party investment manager to manage investments.

BHKS receives 12b-1 fees and trails on certain mutual fund share classes. Therefore, we have an incentive to recommend certain share classes based on the total compensation expected. The mutual fund prospectus or summary prospectus will provide details about the different share classes available and how the fees vary. We'll provide additional information in the form of disclosures when an initial purchase of a mutual fund is made. Clients are encouraged to review and understand the different share classes available.

BHKS may trade on a principal transaction. Most typically, this is done on a riskless principal capacity on fixed income trades. When we trade in a riskless principal capacity, we charge a markup or markdown on the trade. We also trade in principal capacity when we purchase a worthless security from you so that you can take a tax write-off on securities that are no longer marketable. On a worthless security transaction, no markup or commission is charged, but we can profit on the trade if the security increases in value. The capacity of each trade is disclosed on your trade confirmation.

**When considering our services, ask our financial professional:**

- How might your conflicts of interest affect me, and how will you address them?

Additional information about our conflicts of interest are available on our Regulatory BI Disclosure Brochure and our ADV Disclosure Brochure (Form ADV Part 2A, Items 5 and 10; or Form ADV Part 2A Appendix 1 Wrap Fee Program Brochure, Items 4 and 9).

### How do your financial professionals make money?

Registered Representatives earn a portion of the commissions and other transaction fees you pay for brokerage services. As commissions are based on a number of factors, so is the compensation paid to our Registered Representatives. For example, certain products pay higher commission rates than others.

Some product and service providers provide training and education to the Registered Representatives. Such meetings are provided at no cost to us and may include reimbursement for meals and travel. These meetings or events are held to educate Registered Representatives and are also considered to be a form of non-cash compensation.

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

Yes, visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

**When considering our services, ask your financial professional:**

- As a financial professional, do you have any disciplinary history? For what type of conduct.

### Additional Information

Additional information, including our most recent Relationship Summary, is available at our website at <http://www.bhkllc.com>; in your Customer Agreement; or you can call your Registered Representative or financial advisor at (205) 322-2025 to request up-to-date information and a copy of the Relationship Summary.

**When considering our services, ask our financial professional:**

- Who is my primary contact person?
- Is she or he a representative of an investment adviser or a broker dealer?
- Who can I talk to if I have concerns about how this person is treating me?