

Item 1. Cover Page



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HTK Disclosure Brochure (Form ADV, Part 2A)

HTK Advisory Services

1. Financial Planning Services
2. Portfolio Monitoring & Consulting Services
3. Third-Party Advisory Programs

This brochure provides information about the qualifications and business practices of Hornor, Townsend & Kent, Inc. ("HTK"). If you have any questions about the contents of this brochure, please contact us at (800) 873-7637 or at clientinquiries.htkria@htk.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about HTK also is available on the SEC's website at www.adviserinfo.sec.gov.

March 2012

Item 2. Material Changes

Under the SEC's rules we are required to update this Brochure whenever there is a material change to our policies, practices, or conflicts of interest or other information presented. Since our last Form ADV was filed, there have been no material changes to this brochure.

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Item 4. Advisory Business

Introduction

Hornor, Townsend & Kent, Inc. ("HTK") is registered as an investment advisor under the Investment Advisers Act of 1940 and as a broker-dealer under the Securities Exchange Act of 1934. HTK is also a registered broker-dealer with the Financial Industry Regulatory Authority, Inc. ("FINRA") and a member of SIPC. HTK has been registered with the SEC and providing investment advisory services to clients since February 25, 1999. As of 12/31/2011, HTK managed \$755,276,216 of client assets. \$699,337,443 was managed on a non-discretionary basis and \$55,938,772 was managed on a discretionary basis.

HTK is a wholly-owned subsidiary of the Penn Mutual Life Insurance Company ("Penn Mutual") and serves as a distributor for variable insurance products issued by Penn Mutual and the Penn Insurance and Annuity Company.

As a registered adviser, HTK provides advisory services to clients by and through our investment adviser representatives ("IARs"). For more information about the IAR providing advisory services, the Client should refer to the Brochure Supplement for the IAR. The Brochure Supplement is a separate document that is provided by the IAR along with this Brochure before or at the time the Client engages the IAR. If the Client did not receive a Brochure Supplement for the IAR, the Client should contact the IAR or HTK at clientinquiries.htkria@htk.com.

Types of Advisory Services

HTK provides a wide range of advisory services and programs, including wrap programs, mutual fund asset allocation programs, advisory programs offered through third party investment advisor firms, financial planning, and other advisory services. The Client should contact the IAR for a copy of the program brochure that describes such program or go to www.adviserinfo.sec.gov.

The advisory services covered in this brochure are:

- Providing investment advice together with Third Party Investment Managers (TPAM), who act as a sponsor and/or manager for various asset management programs. In addition to this disclosure brochure, Clients will also receive a disclosure brochure from the TPAM that further describes the services offered.
- Financial planning services, to include portfolio monitoring / consulting services, consist primarily of investment and financial planning advice involving an analysis of client investment objectives and financial situations and recommending advice/services to meet the objectives of the client.

Financial Planning Services (Securities & Non-Securities)

HTK may provide non-discretionary financial planning services to clients following an analysis of a confidential client questionnaire completed by the client and a personal consultation with the client. Services will generally include a written financial plan consisting of one or more of the following topics: investment planning, retirement planning, estate planning, wealth accumulation, business planning, education planning, etc. Depending on their needs, the client may select either a full financial analysis or an analysis of a specific financial area. In any event, the analysis will contain generic recommendations for a client and not include specific product recommendations.

Clients have full discretion as to how they choose to implement their financial plan and/or the any of the recommendations discussed in the financial plan. There is no requirement to use HTK or any of its representatives for investment services. If applicable, an additional agreement will be required if the Client chooses to utilize the IAR for further advisory services and/or engage an HTK representative for brokerage or other financial services.

Note: The investment recommendations and advice offered by HTK and IARs are not legal or accounting advice. The Client should coordinate and discuss the impact of financial advice with their legal counsel or tax advisor. Neither HTK nor its representatives (unless independent of their relationship with HTK) are qualified to offer legal or tax advice.

When offering financial planning services IARs are required to use HTK-approved software tools offered by certain third-party vendors for financial analysis. These tools provide analysis and general guidance toward accomplishing the Client's stated investment goals.

Portfolio Monitoring and Consulting Services

Portfolio Monitoring Services provides on-going analysis of the client's current investment portfolio, including recommendations for adjustments. It may also include the preparation of performance reports, consolidated statements, periodic consultation or other services at the request of the client. Portfolio monitoring services can only be provided for assets/accounts for which HTK is not listed as the broker-dealer. This service includes periodic consultations and the preparation of reports based on the services requested by client.

Consulting Services includes analysis and advice on financial and business matters. Services may include investment monitoring, review of portfolio managers, retirement plan sponsor and participant advice, presentations or seminar materials and/or other services at the request of the client. In addition, this service includes periodic consultations and the preparation of reports based on the services requested by client.

When offering portfolio monitoring / consulting services IARs are required to use HTK-approved software tools offered by certain third-party vendors for financial analysis. These tools provide analysis and general guidance toward accomplishing the Client's stated investment goals.

Third-Party Asset Manager Programs

Third-Party Asset Managers ("TPAM") reviewed and approved by HTK for use by IARs provide clients with the opportunity to have their investment portfolios professionally managed by independent money managers unaffiliated with HTK. TPAM programs offers Clients access to a wide variety of model portfolios with varying levels of risk from which they can choose. TPAMs are selected by HTK based on these firms satisfying our due diligence review process and requirements. In limited situations, HTK may waive certain requirements and may limit the services provided including limiting to a "service only" relationship, under which no new clients are placed under the TPAM's management. .

Since each TPAM program is uniquely structured and the investment strategies and types of investments vary within each program, Clients should carefully review the TPAM's Form ADV Part 2A and any applicable agreements and disclosure documents. HTK is not the sponsor of these programs and acts as a co-advisor to the client to support the delivery of portfolio management services with respect to such programs.

In general, the services provided by HTK include, but are not limited to, assisting Clients with establishing investment objectives, investment time horizons, and risk tolerance; setting restrictions or limitations on the

management of the account; explaining portfolio strategies used by the TPAM; and performance monitoring. This advice is used to help Clients with selecting the model portfolio, separate investment managers, or sub-account options that may be most appropriate based on their objectives and investment needs.

Upon selection of a TPAM program, the client will sign the applicable advisory agreement with the TPAM and deposit funds in an appropriate account with the TPAM. Thereafter, the Client's funds will be invested as recommended by a portfolio manager available within the TPAM program. Note: HTK IARs do not actively participate in the execution of any securities transactions for a Client's TPAM program account. TPAM accounts are maintained with clearing broker-dealers or other custodians.

HTK may discontinue certain relationships and add other advisory relationships at any time. For additional details on each of these programs, please refer to Disclosure Brochure for the applicable adviser.

Investment Restrictions

For HTK's financial planning and portfolio monitoring / consulting services, the advice provided will be based on the information, needs and restrictions provided by the client. The IAR will take all such information into account when delivering advice to clients that subscribe to the financial planning and/or portfolio monitoring and consulting services offered by HTK.

Clients should refer to the TPAM's Form ADV Part 2A and any other applicable documentation to obtain additional information regarding reasonable restrictions the client may impose on investing in certain securities or types of securities.

Item 5. Fees and Compensation

Fees charged are negotiable and assessed on an individual client basis according to different methods disclosed to and agreed upon in advance with the client, including hourly fees, fixed fees, or a percentage of assets under management. Amounts charged take into account the complexity of work performed, time involved, degree of responsibility of the IAR, special needs and characteristics of the client, types of investments, costs to manage the account, etc.

Financial Planning

Fees charged by IARs are generally based upon actual or estimated hourly charges, which may vary according the complexity of the financial planning services being provided.

Flat Fee Contracts - HTK offers clients a flat fee contract for fee-based financial planning. Flat fee arrangements are offered on a negotiated basis or in accordance with a fixed fee schedule, depending on the service(s) involved, and agreed upon in writing and in advance by both the client and HTK. Flat fees are typically based on the amount of time the IAR estimates for the completion and delivery of the plan.

Hourly Fees - Fees are based on the amount of time and billed at an hourly rate agreed to in writing and in advance by both the client and HTK.

Fees for financial planning services are negotiable between the IAR and the client. Fees assessed for financial planning services cannot exceed \$500 an hour up to a total cost of \$100,000 and will depend on the complexity of the services provided.

Financial planning fees are collected as follows: 50% of the agreed upon fee payable in advance of services; the remaining 50% will be due upon delivery of the plan. The first part of the fee covers the initial meeting with the client and the gathering of data and other documents the IAR will need to analyze to provide advice requested by the client. The final fee covers the analyzing of data and/ information; creating the plan; and the final meeting with the Client to discuss the plan, client objectives and recommendations. In certain situations, HTK may allow the client to pay 100% of the agreed upon fee upon delivery of the plan.

Portfolio Monitoring and Consulting

Fees for portfolio monitoring and consulting services may be negotiated, are charged in arrears and are assessed on a quarterly or semi-annual basis as agreed upon by client and IAR.

Portfolio monitoring services can only be provided for assets in accounts for which HTK is not listed as the broker-dealer of record. Fees charged are negotiable and assessed based on the assets under review. Fees for portfolio monitoring:

Assets Valued at:	Maximum Annual Fee
\$100,000 - \$500,000	1.00%
\$500,001 - \$1,000,000	0.75%
\$1,000,001 - \$5,000,000	0.50%
\$5,000,001 and above	0.30%

Fees for consulting services are assessed at an hourly rate and the maximum fee charged is \$500 / hour. **Note:** Subject to prior approval, HTK may allow IARs to provide services listed under both the portfolio monitoring and consulting modules to clients. If approved, the Client can select either an asset based or an hourly fee.

Third-Party Asset Manager Programs:

As noted above, IARs may also participate in, HTK approved, programs established by other investment advisory firms ("TPAMs"). The specific services and related fees are described in each TPAM's Form ADV Part 2A. TPAMs generally charge fees that are debited on a quarterly basis from Client accounts. Clients should carefully review the TPAM's Form ADV Part 2A, to fully understand all services to be provided, as well as the fees and expenses that will be associated with those services to determine (1) if compensation is payable before a service is provided; (2) when compensation is payable; (3) how a Client may obtain a refund; (4) the conflicts of interest that exist with respect to the Client's participation in the program; and (5) how a Client may terminate the advisory contract.

For services provided by HTK to Clients participating in TPAM program, HTK is paid a fee based on assets under management. The fees and charges listed below include all charges and expenses with respect to the client's account only for the services of HTK.

For TPAMs that use a retroactive fee schedule, the fees assessed by HTK are as follows:

Assets Valued at:	Maximum Annual Fee
\$ 0 - \$500,000	1.50%
\$500,001 - \$1,000,000	1.30%
Above \$1,000,000	1.00%

For TPAMs that use a blended fee schedule, the fees assessed by HTK are as follows:

Assets Valued at:	Maximum Annual Fee
Up to \$500,000	1.50%
Next \$500,000	1.30%
Above \$1,000,000	1.00%

A **retroactive** fee is similar to breakpoints on a mutual fund; at each new asset threshold the client pays a lower fee on the total portfolio. A **blended** fee means one fee is charged on the initial “tier”, a different fee is charged for assets on the next tier, and so on.

Other Fees and Expenses

HTK Advisory Services – Financial Planning and Portfolio Monitoring / Consulting

IARs who provide financial planning and/or consulting services may also receive commissions from HTK or its affiliates in connection with sales of financial products recommended. Should the Client decide to implement an investment recommendation to purchase or sell securities through the IAR, Clients should be aware the IAR is also registered with HTK’s broker-dealer as a registered representative. Client should also understand that HTK requires all securities transactions recommended by an IAR and/or registered representative be implemented through HTK unless the registered person has received prior written approval. If clients elect to implement recommendations through the IAR, HTK and the IAR will receive additional commissions or fees for executing transactions. The receipt of commissions for financial products sales may create a potential conflict of interest for the IAR and HTK due to fees received for financial planning or consulting services and the commissions received for securities purchased or sold through HTK. HTK addresses this conflict through disclosure in this Brochure and client agreements.

Through the HTK broker-dealer, and financial planning services, IARs may recommend and/or sell insurance products, brokerage services and products and tax-sheltered investments. The majority of HTK’s registered representatives and IARs are licensed / appointed as life insurance agents with Penn Mutual.

When acting as an insurance agent, an HTK associate may offer and sell insurance products issued and distributed by an insurance company. Though HTK does not recommend the purchase of specific insurance products as part of its advisory services, an HTK representative when acting as an insurance agent may recommend the purchase of certain insurance products.

As insurance agents, HTK representatives receive commissions for the sale of insurance products that would be in addition to any compensation received for providing investment advisory services which may be an incentive for the representative to recommend these products. When acting as an insurance agent, an HTK representative is not precluded from offering life insurance products from an unaffiliated life insurance company.

Clients should be aware that when assets are invested in shares of mutual funds, ETFs, closed-end funds, UITs, or other pooled investment vehicles, the Client will pay both the direct management fees to HTK for its services in connection with these investments and, indirectly, the Client's pro-rata share of any internal management fees or expenses related to owning those investments. Client may be able to invest directly in these securities without incurring the fees charged by HTK. In addition, there may be tax consequences for fund share redemptions made by or on behalf of Clients, as well as deferred sales charges or redemption fees.

All fees paid to HTK for its investment advisory services are separate from the fees and expenses charged to Clients invested in shares of investment companies and/or other pooled investment vehicles. A complete explanation of the fees and expenses associated with these investments, along with other important information, is contained in the prospectus, disclosures and/or other information provided by the investment provider to Clients.

Clients should also understand that when opening an account with HTK there may be additional fees and charges imposed by Pershing, LLC, our clearing firm. These charges may include, but not limited to, custodial, clearing and execution charges, special fees for services rendered to special managed accounts, fees assessed to IRA or retirement type accounts, and other miscellaneous charges incurred in the normal course of business.

Third Party Advisory Programs

The specific fees and expenses, including fees related to custody, brokerage charges, mutual fund service fees and other costs, for each TPAM program are described in the respective TPAM's Form ADV Part 2A. Clients should carefully review the TPAM's disclosure documents, to fully understand all services to be provided, as well the fees and expenses associated with those services.

The specific TPAM program selected by the Client may cost more or less than if the same services were purchased separately. Factors that bear upon the cost of TPAM accounts in relation to the same services purchased separately include, but may not be limited to, the type and size of the account, the size and number of trades in the account, and the range of advisory and client-related services provided. Clients should note that similar advisory services may be available from other registered investment advisers for similar, higher or lower fees.

Termination of Advisory Contracts – Prepaid Fees

Financial Planning - If the financial planning agreement is terminated within five business days from the date of inception, all fees paid in advance will be refunded. If the agreement is terminated at any other time, any prepaid and unearned fees will be returned to clients. If a client is dissatisfied with a written financial plan delivered by an IAR, HTK may, at its sole discretion, refund the client's fee partially or in full.

Portfolio Monitoring and Consulting – The agreement for portfolio monitoring and consulting services may be terminated by either party upon written notice to the other party.

Third Party Advisory Programs – Clients should refer to the disclosure documents of the applicable TPAM provider for detailed information concerning the refunding of pre-paid fees and how the advisory agreement may be terminated.

Compensation for the Sale of Securities

IARs and other related persons of HTK, as registered representatives of HTK (the broker-dealer), may execute securities transactions for separate and distinct compensation (commissions). An IAR may recommend HTK, in its capacity as a broker-dealer, to an advisory client. Clients are under no obligation to execute transactions through the IAR and HTK and may use broker-dealers not affiliated with HTK.

If the Client elects to implement a financial plan with the IAR, the IAR in his capacity as a registered representative may receive commissions, distribution fees or both from HTK or its affiliates in connection with the purchase or sale of investments recommended in the plan. This compensation presents a conflict of interest as there is an incentive for HTK registered persons to potentially recommend investment products based on the compensation received, rather than on a Client's needs. In these situations, clients are informed that registered representatives of HTK may receive separate compensation when effecting transactions during the implementation process.

HTK does not reduce its advisory fees to offset commissions or markups.

Item 6. Performance Based Fees and Side-by-Side Management

The fees charged by HTK for advisory services – financial planning, portfolio monitoring / consulting and/or third-party advisory programs - are not based on any share of capital gains or appreciation of the assets of a client.

Clients should refer to the disclosure documents of the applicable TPAM for information concerning fees and compensation terms.

Item 7. Types of Clients

Generally, HTK provides advisory services to individuals, pension or profit sharing plans, trusts, estates, charitable organizations, corporations or other business entities. There are no account minimums or front-end requirements for clients that subscribe to the financial planning and/or consulting services offered by HTK. For portfolio monitoring services, the minimum account size is \$50,000.00 though HTK may accept accounts below the minimum account value.

Clients should refer to the disclosure documents of the applicable TPAM provider for more detailed information regarding the TPAM's account minimums and other conditions.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Most of the advisory services we provide involve the purchase (or liquidation) of securities. All investing involves some level of risk. In many cases, the risk may include the potential to lose your entire principal value. Mutual funds and other pooled investment vehicles have disclosure documents that discuss these risks. This disclosure

document is commonly referred to as a prospectus, but may be called something else depending on the type of security you have purchased. In any case, it is extremely important that you read these documents in their entirety. If you have any additional questions regarding your investments, please speak with your Advisor immediately.

IARs may use various methods to determine an appropriate investment strategy for your portfolio. During your initial and subsequent meetings with your IAR, he or she will discuss the methods used. The analysis performed may include the following:

Technical Analysis - This type of analysis utilizes statistics to determine trends in security prices. Technical analysis tends to focus on factors such as trading volume, demand, and security price fluctuations. This type of analysis is also commonly referred to as chart analysis due to the fact that this analysis tends to review various historical charts and graphs.

Fundamental Analysis - This type of analysis concentrates on earnings, a company's financial statements, and the quality of a company's management. These quantitative factors are then used to attempt to determine the financial strength of a company.

Asset Allocation - Asset allocation investment strategies attempt to optimize the risk and reward of your portfolio by investing among several asset classes.

Concentrated Investment Strategies - Certain investment strategies may be concentrated in a specific sector or industry. If you invest in a portfolio or strategy that is made up of a concentrated position, sector or industry, your portfolio will be more likely to sharply increase or decrease in value with changes in the markets. Concentrated strategies are more volatile because the risk associated with each company represents a large percentage of your overall portfolio value.

These methods of securities analysis serve as a basis for the investment advice given to clients which includes, but not limited to, long term purchases (securities held at least a year); short term purchases (securities sold within a year); and option writing (primarily, including covered options strategies).

For the most part, this analysis is provided via tools provided by HTK or approved for IAR use by HTK. In addition, the services of other unaffiliated parties may be used to perform investment research, which may include a screening and evaluation of investment firms, mutual funds, index funds, exchange traded funds and other managed or unmanaged investment vehicles.

HTK and IARs may also use third-party research to assist in the development of asset allocation models, investment research, security opinions, valuations, analysis and investment manager/management due diligence. An IAR may develop asset allocation models or use others from outside independent sources if approved by HTK. Each IAR may develop his or her own methods of security and portfolio analysis, sources of information, and investment strategies to assist in the delivery of investment advice to Clients. As such, recommendations by IARs and advice provided may differ.

Investing in the securities market involves investment risk including the possible loss of the principal amount invested. Neither HTK nor our IARs represent, guarantee or imply that services or methods of analysis used can or will predict future results, successfully identify market tops or bottoms, or insulate the clients from losses.

Some of the common risks you should consider prior to investing include, but are not limited to:

Market risks - The prices of, and the income generated by, the common stocks, bonds, and other securities you own may decline in response to certain events taking place around the world, including those directly involving the issuers; conditions affecting the general economy; overall market changes; local, regional, or global political,

social, or economic instability; governmental or governmental agency responses to economic conditions; and currency, interest rate, and commodity price fluctuations.

Interest rate risks - The prices of, and the income generated by, most debt and equity securities may be affected by changing interest rates and by changes in the effective maturities and credit ratings of these securities. For example, the prices of debt securities generally will decline when interest rates rise and will increase when interest rates fall. In addition, falling interest rates may cause an issuer to redeem, "call," or refinance a security before its stated maturity date, which may result in having to reinvest the proceeds in lower-yielding securities.

Credit risks - Debt securities are also subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default.

Risks of investing outside the U.S. - Investments in securities issued by entities based outside the United States may be subject to the risks described above to a greater extent.

Regarding TPAM programs, clients should refer to the applicable disclosure document for more detailed information regarding the method of analysis used to provide investment advice or manage assets and the risks associated with the investment strategies used by the third-party adviser.

Item 9. Disciplinary Information

On 12/5/2000, Florida's Division of Securities contended that HTK operated branch offices in the state without benefit of registration. Without admitting or denying the allegations, HTK agreed with the state of Florida and paid a fine of \$25,000.00 on 8/2/2002. In addition, HTK agreed to notify Florida before conducting business from "new" locations in the state.

On 7/6/2005, FINRA (formerly, the National Association of Securities Dealers or "NASD") contended that HTK conducted national and branch sales contests for representatives and managers to promote the sale of selected variable life and annuity producers. Several of those contests included variable products offered by Penn Mutual, HTK's parent company, and those sales were given greater weight than products offered by other companies. HTK offered or awarded various forms of non-cash compensation to the winners of these contest. It was also alleged the firm failed to maintain and preserve all email communications in connection with this activity and did not implement effective policies, procedures and supervisory controls reasonably designed to ensure compliance with applicable rules and regulations. Without admitting or denying the allegations, HTK consented to these findings and described sanctions. As a result, HTK was censured and fined \$325,000.00

On 7/6/2005, the NASD contended that HTK failed to establish written procedures and maintain a supervisory system reasonably designed to detect and prevent late trading in mutual fund transactions. It was also alleged the firm failed preserve certain mutual fund trading records in accordance with SEC and NASD requirements for three years and failed to create records reflecting the time mutual fund orders were received starting in 5/2/2003. Without admitting or denying the allegations, HTK consented to these findings and described sanctions. As a result, HTK was censured and fined \$150,000.00

On 10/10/2006, the NASD contended that HTK failed to establish written procedures and maintain a supervisory system reasonably designed to ensure compliance with applicable securities laws with regard to the sale of group variable annuity contracts. In addition, HTK failed to properly record these transactions on the books and records of the firm. Without admitting or denying the allegations, HTK consented to these findings and described sanctions. As a result, HTK was censured and fined \$125,000.00.

On 2/26/2007, the NASD contended that HTK received brokerage commissions as payment for certain mutual fund companies' participation in the marketing programs of the firm. These arrangements were deemed to not comply with applicable securities laws. In addition, HTK failed to maintain adequate records for this compensation. Without admitting or denying the allegations, HTK consented to these findings and described sanctions. As a result, HTK was censured and fined \$50,000.00.

Item 10. Other Financial Industry Activities and Affiliations

Broker-Dealer Registration

HTK is also a registered broker-dealer and is a correspondent firm of Pershing. In this relationship, HTK introduces Client transactions for execution, clearance and settlement. Pershing also provides custody of client brokerage accounts under this clearing arrangement. HTK and Pershing are not affiliated companies.

Other Material Relationships

HTK is a wholly-owned subsidiary of the Penn Mutual Life Insurance Company ("Penn Mutual") and serves as a distributor for variable insurance products issued by Penn Mutual. Penn Mutual and its affiliates are engaged in providing a range of diversified financial services. Certain of these Companies and other affiliates are broker/dealers, investment companies, investment advisers, and insurance companies.

The majority of HTK's registered representatives and IARs are licensed and appointed as life insurance agents with the Penn Mutual Life Insurance Co. The principal business of the Penn Mutual Life Insurance Co., HTK's parent firm, is that of a life insurance company. HTK, as broker/dealer, serves as the distributor for the registered insurance products of the Penn Mutual, and the Penn Insurance and Annuity Company, a wholly-owned subsidiary of HTK's parent. When acting as an insurance agent, an HTK representative may offer/sell insurance products issued and distributed by the respective insurance company. As insurance agents, HTK representatives receive commissions for the sale of insurance products which would be in addition to any compensation received for providing investment advisory services and may be an incentive for the representative to recommend these products.

When acting as an insurance agent, an HTK representative is not precluded from offering life insurance products from an unaffiliated life insurance company. In addition, advice offered to an advisory client is provided in the form of a recommendation that a client may or may not choose to implement. The Client is under no obligation to use HTK or its representatives to implement the recommendations made in a brokerage and/or insurance capacity. If a client chooses to implement securities transactions through HTK, there is a potential conflict as HTK and its representatives may receive commissions for the execution of transactions.

IARs may own and operate their own independent companies outside of HTK. These unaffiliated companies may provide services to clients which include, but not limited to, accounting/tax practices, business consulting, insurance agencies and legal services, among others. If a client engages an IAR for such services, these services are provided in the IAR's professional capacity and not as a representative of HTK.

Recommendations of Advisers

HTK may refer clients to other investment advisers not affiliated with HTK depending on the needs and objectives of the client. These advisers may offer traditional discretionary advisory services, asset allocation advice, or other types of investment management or supervisory services. These advisers compensate HTK for support we may provide in managing the advisory relationship or for referrals to the third-party advisers.

All clients will receive written disclosure of HTK's arrangement with the adviser, and the adviser's Disclosure Brochure. The programs and the services provided by the adviser and HTK are more fully described in the separate brochure or other applicable disclosure document for each program. This information will be supplied to the client at the time of the referral.

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

Code of Ethics

HTK has adopted a Code of Ethics which governs the conduct of all associated persons. HTK holds the following general principles regarding ethics:

- Associated persons must comply with applicable federal securities laws and HTK requirements;
- At all times place the interests of clients first;
- All personal securities transactions must be conducted consistent with the code of ethics and avoid any actual or potential conflict of interest or any abuse of a position of trust and responsibility;
- Investment adviser personnel should not take inappropriate advantage of their positions;
- Information concerning the identity of security holdings and financial circumstances of clients is confidential and is not to be shared except with those associates that need such information to perform their duties;
- Independence in the investment decision-making process is paramount; and
- Any individual not in observance of our Ethics policy may be subject to disciplinary action, to include possible termination.

Our Code of Ethics requires all officers and other related persons to ensure HTK receives required information for accounts which the related person has either direct or indirect beneficial ownership. In addition, all related persons are required to provide information on all securities transactions (involving reportable securities) by the related person. Related persons' accounts are periodically reviewed for analysis of potential conflicts of interest and to satisfy applicable regulatory requirements.

HTK will provide a copy of our Code of Ethics to any client or prospective client upon request.

Participation or Interest in Personal Trading – Client Recommendations

HTK and related persons may buy or sell securities identical to those recommended to clients. As a general practice, client purchases and sales must be executed before transactions are made in IAR and/or related persons accounts when there are transactions in the same securities. HTK periodically reviews the brokerage accounts of related persons against transactions executed on behalf of clients to ensure the activity of IARs is in agreement with HTK policies and applicable securities regulations.

In additions, HTK has adopted policies and procedures that seek to prevent access to non-public information about securities recommendations, and client securities, holdings and transactions, except to those associates that need such information to perform their duties.

HTK policy expressly prohibits any related person of HTK from profiting at the expense of our clients and/or competing with a client. In keeping with our policy, no related person's securities activity, either personally or in support of others, may be based on the use of material, non-public information with respect to any such security.

Item 12. Brokerage Practices

If a client elects to establish a brokerage account with HTK in its broker-dealer capacity, brokerage and custodial services are provided by HTK's clearing broker-dealer, Pershing LLC.

For all financial planning services and portfolio monitoring / consulting services, HTK does not recommend broker-dealers or provide trade execution in connection with the advisory services being delivered to Clients.

In connection with TPAM programs, the TPAM sponsor may require Clients direct brokerage to a broker-dealer including the TPAM sponsor or a broker-dealer affiliated with the TPAM sponsor. Clients should understand that not all advisors require Clients to direct brokerage. By directing brokerage to a broker, clients may be unable to achieve the most favorable execution of client transactions and may pay more in transaction charges than other broker-dealer firms. For more information about the brokerage practices of a TPAM program, Clients should refer to the Disclosure Brochure for the applicable TPAM.

Item 13. Review of Accounts

For financial planning clients, the IAR conducts an initial meeting with the client to determine investment objectives and risk tolerance to ensure the services and advice provided are in agreement with the client's investment needs and current financial situation. In addition, HTK also reviews the financial plan to ensure the services provided are in line with the agreement, parameters and services selected by the Client.

For portfolio monitoring and consulting clients, services are reviewed when the Client is billed to ensure the advice provided is consistent with the objectives and other suitability information on file for the Client. In addition, HTK also reviews to ensure the services provided are in line with the agreement, parameters and services selected by the Client.

HTK also periodically reviews TPAM accounts to monitor and confirm the TPAM and available Managers remain within expected investment styles and the account is in agreement with the Client's current investment objectives and financial goals.

Clients should also refer to TPAM's disclosure documents for information about the review of accounts.

HTK home office and supervisory personnel review client accounts and advisory services to identify situations that may warrant a more detailed review or specific action on behalf of a portfolio or Client. Such reviews, include, but are not necessarily limited to suitability, fees, investment results, etc.

Client Reports

For all asset management programs, a quarterly statement is delivered detailing portfolio holdings and market prices, all transactions, performance data and fee billing information. In some cases, statements may be delivered to clients by a third-party for those advisory programs where HTK has entered into an agreement with an unaffiliated RIA to provide certain advisory services. For assets held with HTK's clearing firm, Pershing, trade confirmations are provided for securities transaction placed in the account.

Additionally, clients can contact their IAR or the TPAM to discuss holdings, account valuations, performance, etc.

Item 14. Client Referrals and Other Compensation

HTK may enter into other agreements with third party investment advisors and other product sponsors who agree to participate in HTK's Marketing Partners Program. HTK's Marketing Partners Program is a program designed to offer managed account program sponsors access to HTK's network of IARs for marketing, training and education purposes. Forming a focused group of supporting sponsors enables HTK to efficiently use its resources in educating its IARs. Marketing Partners receive access to IARs through participation in the following: lists of HTK IARs; educational or sales conferences; and teleconference training. As part of the program, HTK may publicize and/or promote the products, sales ideas and other marketing materials from these supporting sponsors. All approved product sponsors of investment company securities, advisory products and direct participation programs have the opportunity to participate in the Marketing Partners Program. Marketing Partners compensate HTK to obtain greater access to IARs and registered representatives. IARs are not required to promote a Marketing Partner's products or services to client.

In addition, HTK does not allow any additional compensation to be paid to IARs for recommending a Marketing Partner's investments or products. Recommendations made by IARs to clients must be based upon the product suitability and consistent with the stated objectives of the client.

HTK IARs may receive production bonuses as a result of reaching certain levels of sales and/or assets under management. Production levels and compensation to representatives may vary. There is a potential conflict of interest for HTK and its IARs in recommending certain affiliated products, because HTK keeps a greater share of the revenue from that product.

HTK IARs are eligible to receive incentives, prizes, awards, and certain reimbursements for advertising, sales literature and promotion offered by product promoters such as mutual fund companies. HTK's policy is to permit all IARs to accept such awards and prizes to the extent that they are usual and customary within the industry, and in compliance with the SEC, FINRA, or state rules, regulations or guidelines.

Because an IAR may receive such incentives, a conflict of interest exists when an IAR recommends a product or service for which an incentive or prize may be awarded.

HTK may assist Clients with selecting unaffiliated third-party advisers by referring them to the adviser for portfolio management services. In these situations HTK and IARs act as solicitors for the third-party adviser but do not provide advisory services to the Client with regard to referred assets. HTK and its IARs are compensated for these referrals. Referral fees are paid pursuant to a written agreement and disclosure of the arrangement is provided to the client at the time of the referral.

HTK addresses the conflicts described above through disclosure in this Brochure.

Item 15. Custody

Excluding HTK's ability to deduct fees from proprietary advisory programs, HTK does not have custody of Client funds or securities. Clients receive account statements quarterly, or more frequently, from the broker-dealer or other qualified custodian that holds their account / assets.

Regarding third-party advisory programs, Clients should refer to the respective TPAM's Form ADV Part 2A for complete information concerning custodial practices and policies of the TPAM.

Item 16. Investment Discretion

With respect to Financial Planning and Portfolio Monitoring/Consulting services, HTK and the IAR does not have discretionary investment authority.

For TPAM programs, the Client typically authorizes the third party investment advisor to purchase or sell securities on a discretionary or non-discretionary basis pursuant to the investment objectives chosen by the Client. Clients should refer to the respective TPAM's Disclosure Brochure for information regarding policies and procedures for investment discretion.

Item 17. Voting Client Securities

HTK and IARs are expressly precluded from taking any action on behalf of clients, and are not obligated to render any advice to clients, with respect to (a) the voting of proxies solicited by, or with respect to, the issuers of any securities held in the account; or (b) legal proceedings involving securities or other investments presently or previously held in the account, or the issuers thereof, including bankruptcies and class action lawsuits.

Clients receive proxies or other solicitations directly from the custodian or transfer agent. In the event HTK and/or the IAR receives such information, we send, or will cause to be sent, all such proxy and legal proceedings information and documents they receive to the client, to allow the client to take whatever action it deems advisable under the circumstances.

Clients should refer to the respective TPAM's Form ADV Part 2A for information concerning the proxy voting policies of the TPAM. In addition, Clients can also obtain a copy of the TPAM's proxy voting policies and procedures upon request.

Item 18. Financial Information

HTK does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance. Therefore, HTK has not included a balance sheet of its most recent fiscal year. HTK is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients, nor has HTK been the subject of a bankruptcy petition at any time during the past ten years.

Customer Privacy Notice

In order to provide you with financial and investment advice, services and products, Hornor Townsend & Kent ("HTK") must obtain nonpublic personal information about you. HTK recognizes the importance of safeguarding this information in order to protect your privacy.

What information HTK collects

HTK collects nonpublic personal information through a variety of means, including telephone conversations, personal meetings, applications and forms. This nonpublic personal information includes your name, address, social security number, assets, income, investment objectives and investment experience. Additionally, HTK collects information about your transactions with HTK and its affiliates, including your account balance, transactional history, and previous investments. You have the right to access and request correction of recorded information. You may write or call us at (800) 225-7637 to make such a request.

HTK's Disclosure Policy

HTK does not disclose information about current or former customers to anyone, except as permitted by law. For instance, HTK may share customer information with its affiliates (for example, the Penn Mutual Life Insurance Company) to the extent necessary to comply with client requests for products and services. HTK may also share customer information with third party service providers to assist it in providing requested services.

For example, HTK shares customer information with its clearing firm, so that clients can receive statements, trading confirmations, monthly and or quarterly account statements, reorganization notices, and proxy information.

For clients with investment advisory accounts, HTK shares information with investment companies and fund managers in order to enable them to make asset allocation and fund investment decisions. HTK ensures that any third parties that have access to customer information are contractually bound to keep this information confidential. Information HTK obtains from a report prepared by an insurance-support organization may be retained and disclosed by that organization.

HTK is also permitted to disclose customer information in order to: comply with a subpoena or a request for information from the Securities Exchange Commission, FINRA Regulation, or other federal or state securities or insurance regulatory body; to comply with federal, state or local laws; to guard against fraud; and to comply with service of process (subpoena, court order, etc.).

HTK's Security Policy

HTK maintains physical, electronic, and procedural safeguards that comply with federal standards to safeguard your personal information. All of HTK's employees are trained to respect our customers' privacy rights and are subject to disciplinary measures for failure to comply with HTK's Privacy Policy. HTK does not intend to alter its privacy policy in the future. However, if HTK did change its policy regarding the sharing of information, HTK would notify clients in advance and provide clients with an opportunity to prevent any disclosures.