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FORM ADV PART 2 BROCHURE

This brochure provides information about the qualifications and business practices of HKFS. If you have any questions about the contents of this brochure, please contact us at 563-582-2855. 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 HKFS is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for HKFS is 106237.

HKFS is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

SUMMARY OF MATERIAL CHANGES

On August 12, 2010, the United State Securities and Exchange Commission (the "SEC") published "Amendments to Form ADV". The new amendments require more information in our Brochure than in the past. The amendments also require us to write our Brochure in "plain English".

This new Brochure, in addition to having a different look, contains substantially more information than prior Brochures. It is intended to comply with the new requirements. You should consider this Brochure to be materially different from our prior documents. Please review all of it carefully. It is intended to aid you in deciding if you wish to entrust your investing to us.

Additionally, this "Summary of Material Changes" section of the Brochure will address only material changes since our Brochure was last delivered to you or posted on the SEC's website. (See the cover for the SEC website address.) We will provide updates regarding material changes, if any, at least annually. If we have no material changes this Brochure will remain current. Please retain it until we provide an updated Brochure.

Material Changes:

Effective December 10, 2011, our corporate office is located at 3390 Asbury Road, Dubuque, Iowa 52002.

Effective February 20, 2012, our Executive Team titles changed as follows:

- ~Arnold Honkamp retired as Chairman of the Board and remains a Director.
- ~John Darrah was appointed Chairman of the Board / CEO and retired from the Presidency.
- ~Louie Rosalez was appointed President in addition to his other roles.

As of December 31, 2011, HKFS managed \$1,110,641,316 in assets on a discretionary basis, and \$26,359 in assets on a non-discretionary basis.

Our account size minimum increased to \$200,000 and our account fee minimum increased to \$3,000 for accounts opened after September 30, 2011.

Additional copies of this Brochure are available without charge from the SEC website, or our website, www.HKFS.com. You may also direct a request in writing to the corporate office at 3390 Asbury Road, Dubuque, Iowa 52002, or by phone at 800-791-8994 or 563-582-2855.

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Advisory Business

Form ADV Part 2A, Item 4

Honkamp Krueger Financial Services (HKFS) is an SEC-registered independent Investment Advisor. We provide asset management and advice to individuals and institutions. We have done so since 1995. Most of our clients are referred to us by Certified Public Accountants (CPAs), who may also be an Investment Advisor Representative of HKFS. Our shareholders include CPAs, executive managers, and other employees, none of whom individually own more than 25% of our firm.

OUR EXECUTIVE TEAM

Arnold Honkamp, CPA, Director

Founding partner and currently the Co-Managing Partner of Honkamp Krueger & Co., CPA's and Business Consultants, Arnie earned his B.B.A. in Business from the University of Iowa. He specializes in accounting, tax, audit, and business consulting. Arnie serves as a member of the Executive Committee of the Board of Directors.



Gregory Burbach, CPA, CFP®, Director

Co-Managing Partner of Honkamp Krueger & Co., Greg earned his BS in Accounting from Western Kentucky University. He specializes in corporate, partnership and individual income tax preparation and consulting; estate planning; financial planning; financial statement preparation; general business consulting and management services; strategic planning and ownership and succession management. Greg is a Certified Public Accountant, a CERTIFIED FINANCIAL PLANNER™ practitioner and is a licensed insurance agent.

John Darrah, CFP®, CLU, Chairman of the Board / Chief Executive Officer

John earned a BA in Business Administration & Government from Monmouth College. He holds Series 7, 24, 51, 63, and 65 Securities Licenses and is a Registered Representative with ProEquities, Inc. John has earned the CERTIFIED FINANCIAL PLANNER™ certification, holds the Chartered Life Underwriter designation and is a licensed insurance agent. He serves as Chair of the HKFS Management Committee as well as serving on the HKFS Risk Management and Investment Advisory Committees. John joined the firm in 1996.



Louie Rosalez, CEPP, President, Chief Marketing Officer, Chief Insurance Officer

Louie earned a BA Degree in English and History from Buena Vista College. He manages all facets of the Insurance Division, Marketing, and New Business initiatives for HKFS. Louie holds Series 6 & 63 Securities Licenses and is a Registered Representative with ProEquities, Inc. He is a licensed Health and Life Insurance Agent. He holds the Chartered Estate Planning Practitioner designation and is a multi-year qualifier for the premier Million-Dollar Round Table's Top of the Table demonstrating exceptional professional knowledge, strict ethical conduct, and outstanding client service. He serves as Chair of the HKFS Risk Management Committee as well as serving on the HKFS Management Committee. Louie joined HKFS in July 1998.

Ann McCorkindale, CFA, CFP®, Executive Vice President, Chief Investment Officer

Ann earned BS Degrees in Accounting and Business Administration along with a minor in Economics from the University of Dubuque. She manages the HKFS Registered Investment Advisor (RIA) Division which consists of analysts and staff in the departments of investments and operations. Ann also assists Financial Advisors working with high net worth clients of the HKFS CPA affiliates. Ann holds the Chartered Financial Analyst designation and has earned the CERTIFIED FINANCIAL PLANNER™ certification. She serves as Chair of the HKFS Investment Advisory Committee as well as serving on the HKFS Management and Marketing Committees. Ann joined the firm in 1999.



James Herrig, JD, Executive Vice President, Secretary, Counsel, Chief Compliance Officer

Jim earned a BA in Economics from Loras College and holds a Doctorate of Law from the College of Law of the University of Iowa. He supervises compliance matters for the Registered Investment Advisor, performs ProEquities OSJ duties, and provides legal counsel for HKFS. Jim holds Series 7, 24 & 63 Securities Licenses and is a Registered Representative with ProEquities, Inc. He is a licensed insurance agent. Jim serves on the HKFS Investment Advisory, Management, and Risk Management Committees. Jim joined the firm in 1996.

Brian Cose, CFP®, CLU, AEP, Senior Vice President, National Sales Manager

Brian earned a BA Degree in Political Science from the University of Northern Iowa. He manages our team of Financial Advisors and assists them in working with our HKFS CPA firm affiliates to design, implement wealth management, and transfer strategies for the clients of the affiliate CPA firms. Brian holds Series 4, 6, 7, 24, 63, and 65 Securities Licenses and is a Registered Representative with ProEquities, Inc. He is a licensed Health, Life, and Variable Insurance Agent. Brian has earned the CERTIFIED FINANCIAL PLANNER™ certification. He holds the Chartered Life Underwriter and Accredited Estate Planner designations. Brian joined HKFS in October 2000.



HKFS provides investment advisory services to help you achieve your financial goals. Within this advisory relationship, we assist you in making asset allocation decisions, primarily investing in the stock, bond and cash markets. We select and monitor investment vehicles (with the advice of our Investment Advisory Committee) which may include mutual funds, exchange traded funds (ETFs) and individual securities. They are combined to offer a diversified portfolio. We rebalance your portfolios to maintain the desired asset allocation. We encourage you to regularly review your asset allocation based upon changing risk tolerance, personal situation, and goals.

HKFS creates and manages portfolios for you. Portfolios may include stock mutual funds and bond mutual funds. We also create and manage portfolios of Exchange Traded Funds (ETFs), a type of mutual fund which is less actively managed. Each portfolio may include funds representing various market segments, both domestic and foreign. Portfolios may have some customization for you, including individual stocks or bonds. The balance of stock and bond exposure for each account will depend on your instructions incorporated in your Investment Policy Statement (IPS).

HKFS carefully tailors advisory services to you, your needs, and other circumstances. We assess your goals, risk profile, and time horizon in a variety of ways. HKFS utilizes stock and bond models that have recommended allocations to various styles and categories of securities. Our objective is to optimize

performance, diversify, and reduce risk. Portfolios can be tailored to meet your concerns and needs, or to take into consideration other investments (for example, investments held elsewhere). You may impose restrictions on investing in certain securities or types of securities. (Your directions are recorded in an Investment Policy Statement (IPS). Each IPS is reviewed and updated with you on an agreed schedule.) We may include individual stocks and bonds. We may employ outside managers to assist with the management of securities in specialized areas. We may also use, to a limited degree, derivatives such as structured notes, collateralized mortgage and other debt obligations, and callable bonds and certificates of deposit to meet your needs.

HKFS does not participate in wrap fee programs.

As of December 31, 2011, HKFS managed \$1,110,641,316 in assets on a discretionary basis, and \$26,359 in assets on a non-discretionary basis. These amounts reflect what we believe to be fair market value for each asset, as reported to us by our various custodians, or another independent pricing service. See our section on Investment Discretion.

Fees and Compensation

Form ADV Part 2A, Item 5

HKFS collects an asset management fee for each account. The fee is a percentage of the assets under management at the beginning or end of a quarter. Your management agreement indicates whether your fee is in advance or in arrears and how we calculate it. Our fee schedule is illustrated below. We do have account and fee minimums. We negotiate fees on individual accounts, and for households with multiple accounts, exceeding \$1 million dollars.

For Asset Management Services the fee schedule is as follows:

Assets Under Management Agreement	Maximum Annual Fees
Up to \$1,000,000	2.50%
\$1,000,001 & UP	Negotiable

For Employer-Sponsored Retirement Plans, the maximum fee schedule is as follows:

1.00% on the first \$1,000,000 of assets
0.90% on the next \$2,000,000
0.80% above \$3,000,000

HKFS deducts annual fees from your assets. We generally manage accounts to have sufficient cash to pay fees. We collect approximately one-fourth of the fee quarterly based on the account value at the beginning or end of each quarter depending on the asset management agreement. Retirement plan accounts have fees deducted in advance. You may choose to pay your fee by check.

In addition to our fees, you also pay the internal management fees and charges associated with the mutual funds and ETFs we select for an account. The managers of such funds assess their fees and expenses against fund assets. We prefer funds with low expense ratios such as low cost institutional shares. We also use no-load or fee-waived mutual funds. We also prefer ETFs with low internal fees and those which we can trade without trading costs. Some mutual funds have early redemption charges and short-term trading fees. We avoid incurring these costs when reasonably possible. If you purchase certain ETFs, mutual funds, or individual securities, you may also incur transaction costs. You may also incur other fees such as custodial fees, termination fees and wire fees. (Please see the section discussing brokerage in this brochure.)

For retirement plans, the fee for custody and trading services is based on the agreement between Honkamp Krueger Financial Services, Inc. and Fidelity Brokerage Services, LLC (Fidelity) and represents a pass-through

of the fee assessed by Fidelity. Services include registration and custody of all plan securities, access to the Fidelity mutual fund platform, an automated trading link that integrates with the HKFS recordkeeping system and other miscellaneous services. These fees are paid from the Plan assets and charged pro rata to the plan each quarter.

In some cases we collect fees in advance (for example, business retirement plans). Your management agreement indicates if your fees are collected in advance. If your advisory contract is terminated before the end of the billing period, we will prorate the quarterly billing. We will charge for the days in the period, including the day we receive notice, divided by ninety (90), times your fee rate, divided by four, times your balance at the beginning of the period. You will receive a credit to your account for the remaining days in the period or a check, if you prefer, depending on the notice you provide. We will send the check to the address on the account used for statements unless you advise us otherwise in a timely fashion.

Neither HKFS nor our supervised persons accept compensation for the sale of securities or other investment products (including asset-based sales charges or service fees from the sale of mutual funds) inside your managed account.

Selling securities or other investment products for a commission presents a conflict of interest, giving us and our supervised persons an incentive to recommend investment products based on the compensation received, rather than on your needs. We address any such conflict by fully disclosing such fees in advance. We use formal disclosure forms. We discuss how such securities or other investment products contribute to achieving your objectives. Additionally, we discuss alternatives, benefits, and costs.

We may recommend securities or other investment products in a separate brokerage account through our affiliation with our registered broker/dealer ProEquities, Inc. In such cases, only duly licensed persons may receive compensation for such transactions. Any fees and compensation relating to such transactions will be disclosed in the course of a brokerage transaction. These assets may sometimes be placed in a managed account. We will not charge an additional asset-based fee if we received compensation for the transaction.

You have the option to purchase investment products that we recommend through other brokers or agents that are not affiliated with us. If you do, they may charge the same or different fees or charges.

Most of our revenue from advisory clients comes from asset-based advisor fees and not from commissions and other compensation from the sale of investment products.

HKFS does not charge commissions or markups on bonds and other securities we may buy in your managed account. HKFS strives to buy these assets at the best possible price by comparing prices from multiple sources. When possible we will combine purchases to achieve better pricing.

Performance-Based Fees and Side-By-Side Management

Form ADV Part 2A, Item 6

HKFS does not, nor do our supervised persons, accept performance-based fees (that is fees based on a share of capital gains, or capital appreciation within your account). By basing our fee on your account balance we align our interest with yours. As your account grows, our fee will grow too, as we charge our percentage fee on a larger asset amount. We have an incentive to grow your account.

Types of Clients

Form ADV Part 2A, Item 7

We generally provide investment advice to individuals, pension and profit sharing plans (and their participants), trusts, estates, foundations/endowments and other charitable organizations, corporations and other business entities. We generally do not accept accounts smaller than \$200,000. We may do so if a household or other account holder has multiple accounts with us of sufficient aggregate size to make business sense for us. In those cases some accounts may be less than \$200,000. There are several practical limitations in managing small accounts. They include minimum account size for some mutual fund positions and limitations on re-balancing accounts.

Methods of Analysis, Investment Strategies and Risk of Loss

Form ADV Part 2A, Item 8

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

To deal with that risk we employ three fundamental strategies: 1) allocating assets to meet long-term goals, 2) using broad diversification, and 3) holding allocations through market cycles while strategically adjusting style weights.

ASSET ALLOCATION

Studies have shown that asset allocation determines most of your return. Historically stocks have earned a greater return than bonds, however with greater risk. Therefore, the higher your allocation to stocks, the greater you can expect your long-term return to be, and the higher your allocation to stocks, the greater you can expect your risk to be.

HKFS advisors carefully analyze your needs and apply these findings and results to the management of your investments. These findings and the allocation decision will be documented in your Investment Policy Statement (IPS).

DIVERSIFICATION

Diversification is a major component of Modern Portfolio Theory (MPT). MPT is a theory HKFS considers in investment management, which attempts to maximize portfolio return for a given amount of risk by carefully choosing the proportion of various assets. We believe that it is important to diversify your stock and bond portfolios into different investment styles or segments. (For example, a stock portfolio can be diversified into large or small capitalization stocks, growth or value stocks, and domestic or international stocks. Bonds can be diversified into long or short maturities or high or lower quality bonds). By diversifying into a collection of investment assets that have low correlations to each other, we believe we can lower the overall risk of the entire account.

HOLDING THROUGH MARKET CYCLES

We do not believe that you will benefit over the long term if we move you in and out of markets based on market movements (called 'market timing'). We believe attempting to time out and back into the market is riskier than maintaining an allocation strategy through the cycle. However, we do believe that value can be added by strategically adjusting the weightings to different asset sectors over various market and economic cycles.

We have an Investment Advisory Committee (IAC) whose members have substantial experience, excellent career histories, as well as high technical and professional qualifications. They consider information we gather

independently as a company, that we obtain from outside research, and that members obtain on their own. The Committee advises the Chief Investment Officer on issues relating to adjusting allocations to different asset segments based on the outlook for the economy and markets. The IAC provides guidance in establishing policies and procedures to ensure proper diversification is achieved in your accounts. The IAC also provides account oversight.

OTHER METHODS OF ANALYSIS

We use a number of different investment vehicles in managing your portfolios. We analyze mutual funds and exchange traded funds (ETFs) for their management, performance, and expenses. Manager tenure is important to consider as is fund performance on both a nominal and comparative basis. We compare performance to similar funds, an asset sector, and the markets as a whole. We monitor for changes and trends. We also are careful to keep trading costs reasonable.

When using individual securities, we are careful to include best-bid buying of securities, and to employ special orders when buying or selling securities or ETFs on an exchange. For example, limit orders may help secure a security at a marginally lower cost, or secure a minimum price on sale. We use research from multiple companies such as Credit Suisse and Standard & Poor's when making our decisions on individual investments and funds.

We also consider the economic, market, and tax impact when buying or selling investments. We may also consider the length of time securities are held in your taxable account to reduce the impact of sales on your income tax.

As a firm that manages for the longer term, without frequent trading of securities, there is a material risk that we may hold stocks and bonds in your accounts during a prolonged period of generally suppressed security prices. By allocating assets among a wide variety of asset class we may mitigate the risks of this strategy. By not attempting to time in and out of market cycles, we believe we are reducing the risk of missing a market turn.

There is a material risk that how we allocate assets among various areas and sectors of markets for any period may produce results below that of the securities markets as a whole. Diversification does not eliminate the potential for loss.

We primarily recommend actively managed mutual funds and passively managed ETFs. There is a material risk that we may choose funds or ETFs which fail to perform as well as their peers, or that we allocate too much or too little to certain funds or market sectors. The types of risks among various types of funds differ substantially. We diversify for the purpose of reducing risk of owning specific companies or styles.

Disciplinary Information

Form ADV Part 2A, Item 9

Disclosure of legal and disciplinary events that are material for you in evaluating our advisory business, or the integrity of our management, is important for you. We are legally required to share that information.

We are proud to report that we have no material disciplinary information to disclose to you, regarding our firm, or regarding our management persons. While advisors may exclude events they do not consider material under some circumstances, we are not excluding any information regarding any such events.

The SEC requires us to disclose all material facts regarding such events. The list of events requiring disclosure is long and detailed. It includes criminal and civil action in domestic, foreign, and even military courts. It covers past convictions and pleas (even those of "no contest"), as well as pending matters. It covers a host of possible violations (including felony, misdemeanor and civil), whether of statute or regulation, involving investments or investment-related business.

We must also disclose any administrative proceedings before the SEC, and other federal or state regulatory agencies. The same is true of proceedings involving us (or any of our management persons) with any "self-regulatory organization" (an "SRO"), such as FINRA (the Financial Industry Regulatory Authority), and the violation of the rules of these organizations.

Once again, we are proud that we have nothing to report to you regarding any of these matters for the firm or our management persons.

Other Financial Industry Activities and Affiliations

Form ADV Part 2A, Item 10

We want to share some information with you about our financial industry activities and affiliations beyond our primary business as an Investment Advisor. The SEC requires we provide you with some detail.

While HKFS is not a broker-dealer (and does not have an application pending to become one), several of our management persons are registered representatives with ProEquities, Inc., a registered broker-dealer. (See the individual profiles of our management persons on Page 1 for this and other accreditations of our management persons.)

Neither HKFS nor any of our management persons are registered (or have an application pending to register) as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

To conduct our business we form relationships or arrangements (and in some cases our management persons form relationships) with a wide variety of organizations and professionals. The SEC requires we share any such relationship or arrangement that is material to our advisory business, or material to you. We must also disclose if a material conflict of interest with you results, describe the nature of the conflict, and how we address it.

In the next paragraphs we discuss some of these relationships or arrangements.

Our broker-dealer for non-advisory brokerage business is ProEquities, Inc. (PE). Several of our management persons are registered representatives with PE. (See the individual profiles of our management persons for these and other accreditations of our management persons.) Our relationship with ProEquities is material to our clients in that PE has oversight of our advisory business as an outside business activity of their registered representatives. We pay PE a fee for this supervision. While the PE brokerage operation is not material to the operation of our Advisory division, PE expects our management persons who are registered representatives with PE to sell products through PE to you to generate commissions. When our management persons sell a brokerage product with a commission we have a conflict. To address this, we adhere to and monitor our adherence to the FINRA rules relating to client product suitability through our compliance training and review program. We also address this conflict by adopting, monitoring, and enforcing our Code of Ethics. (We encourage you to review our Code of Ethics). We have no material relationships with any government securities dealer or broker.

We have a material relationship with Schwab Advisory Services (Schwab) as our broker-dealer for our Advisory Business. As they specialize in providing product and services to independent registered advisors, such as HKFS, we do not believe this creates a conflict of interest between us and you. (Review our section on Brokerage Practices)

We have sub-management agreements with certain sub-advisors who help us monitor individual stocks and bonds. If you own such securities, you must agree to this monitoring service by signing a Limited Power of Attorney allowing these firms to view your positions. These advisors may also present securities for purchase or sale in your accounts, for which work the advisor receives a commission. HKFS does not participate in or

benefit from such fees, and conducts due diligence reviews to ensure stock and bond prices remain competitive with those you could obtain from other advisors. We exercise independent judgment that such securities meet your needs. We do not believe this relationship creates a material conflict of interest with you.

HKFS and our management personnel have a relationship or arrangement with Honkamp Krueger and Co., P.C. (CPAs and Business Consultants) (HK), and some of its shareholders, that is material to our advisory business, and you. Partners of HK collectively own a controlling shareholder interest in us. They also provide accounting services to us. Some partners of HK are among our Investment Advisor Representatives. As related parties we have a conflict of interest: we may cross-recommend the services of each other for our financial benefit. We address this conflict by adopting a Code of Ethics. [We encourage you to review our Code]. We monitor and enforce our Code. We also create with you an Investment Policy Statement (IPS) for each of your accounts to serve your interests. Adherence to your directives in the IPS is reviewed regularly by the IAC and our CIO.

HKFS in addition to being an Investment Advisor is also an Insurance Agency. We are licensed to do business in most states. Many of the cases we handle are significant in size and complexity and contribute to our profits. The ability to meet your important insurance needs in addition to asset management may be materially important to our advisory clients. We and some of our management personnel are appointed as agents with various insurance companies and may benefit financially, directly or indirectly, from a transaction in insurance. When we or one of our management personnel benefit from a commission there is a material conflict with you. We address this conflict by adopting, monitoring, and enforcing our Code of Ethics. (We encourage you to review our Code). Our operating standard requires that we seek the best product at the best price for you. We conduct comparative quote and cost analysis as a matter of practice when placing a policy for you. We have no material relationships with other insurance companies or agencies.

HKFS is also a Pension Consultant. We provide services relating to design, installation, recordkeeping, reporting, and plan administration. The plans we service contribute to our profits. The ability to meet your employer-sponsored retirement plan needs, in addition to asset management, may be materially important to you.

To conclude this section we note we have no relationships or arrangements with the following types of organizations or persons, that are material to advisory our business, or material to you in evaluating us:

- Any investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund).
- Any other investment advisor or financial planner (although we do arrange for money management with select advisors for their expertise in specific market sectors).
- Any futures commission merchant, commodity pool operator, or commodity trading advisor.
- Any banking or thrift institution.
- Any lawyer or law firm.
- Any real estate broker or dealer.
- Any sponsor or syndicator of limited partnerships.

While we may recommend or select other investment advisors for money management for some or all of your assets (because of their expertise in specific market sectors) when we believe that to be in your best interest, we do not receive compensation directly or indirectly from those advisors. When recommending other Investment Advisors, we consider their expertise, overall cost, performance history, and potential for enhanced performance because of specialization, among other factors. Our fees are in addition to those of such an advisor.

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

Form ADV Part 2A, Item 11

HKFS has a long-standing Code of Ethics because doing business the right way is good business, serving both us and you well. The Code establishes general standards of conduct, reporting requirements and procedures intended to prohibit potential conflicts of interest, as required by the Securities and Exchange Commission. Beyond that minimum, our Code encourages our management personnel and employees to put your interests first. We provide this Code to all of our employees including our "access persons", that is, those persons making decisions about your accounts. The Code is shared upon hire as a part of orientation, and annually thereafter. It is posted on our intranet site for all employees to reference. To get your copy simply request one from your Investment Advisor Representative. It is also posted on our website at www.HKFS.com. Additionally, you may write to HKFS, Inc. at 3390 Asbury Road, Dubuque, IA 52002 or phone 800-791-8994 or 563-582-2855.

Neither HKFS nor any related persons buy or sell for your accounts any securities in which we have a material financial interest. That would be a direct conflict of interest.

HKFS generally does not invest your accounts in securities designated as "reportable securities" by the Securities and Exchange Commission. Those securities include, for example, common stocks traded on securities exchanges. (You may direct us to buy and sell such securities in your IPS.) Additionally, HKFS related persons do have accounts managed by us using the same portfolios as we may recommend to you. Those portfolios include actively managed no-load, no-transaction fee mutual funds, and ETFs.

If an HKFS related person "trades ahead" when you direct us to buy or sell a reportable security in an account that is a conflict of interest. Our Code of Ethics prohibits this practice and we enforce our Code by monitoring trade activity of our employees who recommend or place trades for your accounts.

Brokerage Practices

Form ADV Part 2A, Item 12

HKFS does not direct orders to select broker-dealers in return for research or other soft dollar benefits. We do hold an annual conference for our Investment Advisor Representatives and Solicitors (persons who might refer you to us) to provide training about products and to obtain required continuing education credits. Mutual funds, insurance companies, other investment advisors and broker dealers with whom we do business and with whom we place your investments provide financial support for the conference. Such support may be in the form of cash payments, merchandise or guest speakers. Cash payments have ranged from \$250 - \$10,000. This financial support could present a conflict of interest. For example, Schwab Advisory Services provides competitive institutional rates for securities transactions in your account. You may obtain lower transaction costs from some broker-dealers, especially by using "on-line" accounts, including Schwab Retail. We encourage you to review the Fees and Compensation Section beginning on Page 3. There we discuss our practices to get the best bid on securities we sell for you and how we shop for competitive bond prices.

HKFS receives investment related information including proprietary and third party research from the mutual fund families whose funds we employ. We also receive these types of products from other advisory firms.

Other than trade execution itself, HKFS does not receive research, or other products or services, from a broker-dealer or a third party in connection with your securities transactions, a practice referred to as "soft dollar benefits".

When an Investment Advisor takes advantage of a soft dollar agreement and uses your brokerage commissions (or security price markups or markdowns) to obtain research or other products or services, such Advisors receive a benefit: they do not have to produce or pay for the research, products or services. Such

advisors may have an incentive to select or recommend a broker-dealer based on their interest in receiving the research or other products or services, rather than on your interest in receiving most favorable execution.

Such practices may cause you to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up).

HKFS does not engage in such Soft Dollar practices. Neither HKFS nor our related persons receive products or services acquired with your brokerage commissions or soft dollar credits. We do not direct your transactions to a particular broker-dealer in return for soft dollar benefits.

This is a source of potential conflict of interest by an advisor with your interests. During our last fiscal year neither HKFS nor our related persons received any products or services acquired using brokerage commissions (or markups or markdowns) from transactions on behalf of you. If this changes, we must disclose this as a material change in the way we do business. You should consider the policy of a potential advisor regarding research and other soft dollar benefits when selecting an advisor.

Schwab Advisory Services, as a good business partner, provides some financial support for our annual conference. We address this in our Policy and Procedures Manual in the section relating to Soft Dollar Benefits. If you would like to see this policy, simply ask us for a copy. Similarly, HKFS does receive investment related information, and both proprietary and third party research from the mutual fund families whose funds we employ, and from some asset managers such as Nuveen and Goldman Sachs, among others. We also receive this type of information from Schwab Advisory Services and SEI. This material is not provided on the basis of your brokerage commissions.

We are required by law to disclose if, in selecting or recommending broker-dealers, we consider whether HKFS (or a related person) receives client referrals from a broker-dealer or third party. An Investment Advisor may have an incentive to select or recommend a broker-dealer based on its own interest in receiving client referrals, rather than on clients' interest in receiving most favorable execution. We do not engage in this practice; it is a conflict of interest with our clients. Instead, we have adopted policies and procedures to ensure our clients receive favorable execution. We will provide you with additional information on request.

HKFS considers many factors in selecting or recommending broker-dealers for your transactions and determining the reasonableness of their compensation. We primarily use Schwab Advisory Services and SEI for advisory accounts and Fidelity Brokerage Services, LLC for retirement plan accounts. Each is a national leader in providing products and services (including custody and trade execution) to Investment Advisors and retirement plans.

Schwab Advisory Services offers a wide variety of products and services at competitive institutional pricing, the benefits of which we can pass on to you. HKFS routinely recommends that clients custody their accounts with Schwab Advisory Services. In that case we execute transactions through Schwab Advisory Services. We do not receive compensation from Schwab Advisory Services for directed trades. That would create a conflict of interest with you. Not all Advisors require you to direct brokerage, though some do. By directing brokerage an advisor may be unable to achieve the most favorable execution of your transactions, and this may cost you more money. We have adopted Policies and Procedures to obtain most favorable execution as often as practicable. Schwab Advisory Services is our recommended broker for clients without a bank custodian relationship because of their competitive commission schedule, effective trade execution platform, and the ability to aggregate your trades, which may benefit you.

Schwab Advisory Services states on its website:

"Schwab Advisory Services is committed to providing best execution for your trades. Information regarding the routing destination and time of execution of your orders for up to a six-month period is available upon request.

In arranging for the execution of equities and listed options orders, Schwab Advisory Services seeks out industry leading execution services and access to the best performing markets. In this regard, Schwab Advisory Services has contracted with UBS Securities LLC and its affiliates ("UBS") for equity and options order handling

and execution services, including access to UBS's state-of-the-art, algorithmic order routing capabilities. UBS manages the execution of most types of orders for which customers have not provided specific instructions (non-directed orders), including through the use of intelligent order routing technology for identifying the best available market. UBS executes Schwab Advisory Services orders on all major market centers, including exchanges, ECNs (electronic trading networks) and dealer markets, and may also execute orders as principal. UBS also provides execution services for most types of directed orders.

UBS routing and execution services are subject to Schwab Advisory Services' execution quality standards for achieving best execution. In certain circumstances, Schwab Advisory Services itself may route orders directly to a market for execution. Schwab Advisory Services considers a number of factors in evaluating execution quality, including execution price and opportunities for price improvement, market depth and order size, the trading characteristics of the security, speed and accuracy of the execution, the availability of efficient and reliable order handling systems, service levels, and the cost of executing orders at a particular market or firm. Schwab Advisory Services regularly monitors the execution quality provided by UBS and the various markets to which UBS and Schwab Advisory Services may route orders, to ensure orders are routed to markets that have provided high-quality executions over time."

HKFS generally aggregates purchases and sales of securities in your affected accounts whenever possible. We do this to secure any potential price benefit equally for you and our other clients. You may be given an opportunity to elect out of such trades when you consider it in your interest for tax or other reasons. Transaction costs are generally the same whether or not we aggregate trades. We aggregate purchases and sales of mutual funds for affected accounts when we choose or replace a mutual fund to represent an asset segment in our portfolio, change our asset class allocation, or when we re-balance accounts. All affected accounts receive the same price. If an aggregated purchase or sale order for such a security executes in pieces at different prices, we apply the average price to each account pro rata. A potential cost to you is that a non-aggregated order might provide a better price. It would be a potential conflict of interest to execute individual trades or allocate the results of aggregated trades to specific accounts as we might prefer one client over another.

Review of Accounts

Form ADV Part 2A, Item 13

HKFS reviews your accounts periodically, at least annually, to assure we are managing according to your instructions in the HKFS Investment Policy Statement (IPS) for your account. We review model accounts, re-balancing them as instructed, once, twice, or four times annually. Our IAC compares all of our non-modeled accounts annually to a management selected list of criteria. A group of accounts are reviewed each month. A report of the results is sent to the Investment Advisory Committee and Chief Investment Officer. Any discrepancies are reported to the advisor providing service to each account owner. Discrepancies are tracked until corrected, or your consent to maintain the discrepancy is recorded. Additionally, each advisor meets with you regarding each account upon a mutually agreed schedule. At your meetings your advisor may discuss your financial plans. We may also provide a Client Review PowerPoint as a way to formally structure the review process.

In addition to periodic reviews, we review accounts annually to help you manage the impact of taxes. We also do ad hoc review of accounts that own a particular security when deemed appropriate. Reasons may include unusually positive or negative news or price changes in a security; a merger or other corporate event; or a regulatory or civil action, among others.

You receive written reports monthly or quarterly from both us and your account custodian. Our reports can be customized for each account to include the purchase date, cost, market price, realized gain or loss, unrealized gain or loss, the percent realized gain or loss, and percent unrealized gain or loss. We also report the change in value over time, including your additions and withdrawals. We can report account performance in comparison to a variety of industry benchmarks. We usually provide a written newsletter with HKFS statements. We also produce periodic client webcasts. Newsletters and webcasts are posted to our website.

Client Referrals and Other Compensation

Form ADV Part 2A, Item 14

The only compensation we receive is the management fees we charge you. HKFS does not receive any economic benefit from anyone who provides you investment advice or other advisory services to you.

HKFS directly compensates persons ("Solicitors") who are not our supervised persons, for client referrals in states not requiring advisor registration, and which allow that practice. We pay Solicitors a portion of the fee we charge clients referred by them according to a written agreement.

Custody

Form ADV Part 2A, Item 15

HKFS does not have custody of your assets. We avoid taking custody of your assets as described in our HKFS Policy Manual as a further protection for you. Qualified custodians (such as Schwab, SEI, and Fidelity, among others) have custody of your assets. They, as well as we, will send statements, at least quarterly to you. We urge you to carefully review the account statements from the qualified custodian and compare them with those you receive from us. If you find a discrepancy, report it as directed on the face of our statement.

Investment Discretion

Form ADV Part 2A, Item 16

We accept discretionary authority to manage investment accounts on your behalf. Before we assume such authority, each client household must, as a part of our process, execute an Investment Policy Statement (IPS) detailing instructions for how we are to manage your accounts. You may exclude any asset segment, and may limit the kinds of securities we may use in managing toward your objectives. Our clients also execute a Limited Power of Attorney (LPOA) which describes the authority you are giving us on the accounts. When you give HKFS discretion, we buy and sell securities and change market segment weightings within your IPS guidelines. We also manage some assets on a non-discretionary basis.

Voting Client Securities

Form ADV Part 2A, Item 17

To comply with SEC rule 206(4)-6, HKFS maintains policies and procedures for voting security proxies.

You may give to us authority to vote securities in your accounts or withhold it. You may elect whether you wish to receive proxies or other solicitations. You may change that authority at any time. Depending on circumstances, you may receive your proxies or other solicitations directly from your custodian or a transfer agent.

Our Investment Advisory Committee monitors the proxy voting function. Our Chief Investment Officer (CIO) supervises proxy voting by HKFS. As proxy materials are received, they are collected and reviewed for conflict of interest. When no conflict of interest is apparent, the CIO will direct votes to be cast according to the recommendations of the management of the company who issued the securities. If the CIO determines that an

actual or potential conflict of interest exists, our CIO will direct that the vote be cast as "abstain". Abstentions are logged and reported to the Investment Advisory Committee. Proxy statements and copies of voting cards are filed and maintained for at least 5 years. Our CIO and support staff assumes responsibility for filling your requests for information regarding proxy votes and maintaining records of such requests.

For information on how a specific proxy was voted, you may contact our Chief Investment Officer or Chief Executive Officer. To request a copy of our policies and procedures document, contact your Investment Advisor Representative.

You may also direct a request in writing to our corporate office at 3390 Asbury Road, Dubuque, Iowa 52002; or by phone at 800-791-8994 or 563-582-2855.

Financial Information

Form ADV Part 2A, Item 18

Advisors who require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance must provide a balance sheet prepared in accordance with generally accepted accounting principles [GAAP], audited by an independent public accountant with notes stating the principles used in its preparation. As we do not require nor solicit such prepayment, we are not required to provide a balance sheet for our most recent fiscal year.

The SEC requires we report if we have been the subject of a bankruptcy petition during the last 10 years. HKFS has never been the subject of such a proceeding. HKFS is not subject to any financial condition that is reasonably likely to impair our ability to meet our commitments to you.

