

**HighPoint Planning Partners, LLC**  
**Form ADV Part 2A**  
**Investment Adviser Brochure**

**June 2013**

This brochure provides information about the qualifications and business practices of HighPoint Planning Partners, LLC. If you have any questions about the contents of this brochure, please contact Bradley A. Schaffnit, Principal and Chief Compliance Officer. 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 HighPoint is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 2: Summary of Material Changes

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### **Annual Update**

This Item of the brochure is updated if material changes have occurred during the course of HighPoint Planning Partners, LLC's (HighPoint or the Firm) fiscal year; or with HighPoint's Annual Updating Amendment (ADV).

### **Material Changes since the Last Update**

Since the last ADV filing, there are no material changes to report.

The Supplement to the Investment Adviser Brochure of HighPoint provides you with information regarding certain Supervised Persons of HighPoint that make discretionary investment decisions or provide investment advisory services for investment advisory clients of HighPoint.

### **Full Brochure Available**

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, the HighPoint Brochure may be requested by contacting Bradley A. Schaffnit, Principal, and Chief Compliance Officer at 630.719.9222.

Additional information about HighPoint is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with HighPoint who are registered, or are required to be registered, as investment adviser representatives of HighPoint.

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## Item 4: Advisory Business

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HighPoint was founded in 2012 and is owned by Bradley A. Schaffnit, Principal and Chief Compliance Officer.

HighPoint provides investment advisory services to individuals, pension and profit sharing plans, trusts, estates and charitable organizations and corporations or other business entities. Services include financial planning and asset management.

### **Asset Management Services**

HighPoint provides continuous investment advice and asset management services based on the individual needs of the clients. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, HighPoint develops a client's personal investment policy and creates and manages a portfolio based on that policy. HighPoint will ensure that each client's investments are suitable for that client and consistent with their investment needs, goals, objectives and risk tolerance. Account supervision is guided by the stated objectives of the client (i.e., capital preservation, income with moderate growth, growth and income, growth, and aggressive growth, etc.). It is HighPoint's practice to tailor its advisory services to the individual needs of clients.

Clients will have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf. Restrictions may be limited to asset management services and may not apply to assets managed in wrap programs. Clients will retain individual ownership of all securities.

HighPoint will allocate its client's investment management assets, on a discretionary or a non-discretionary basis among Independent Managers, mutual funds, exchange traded funds, individual debt and equity securities, real estate investment trusts (REITs) and other investments in accordance with the investment objectives of the client. Some or all of these investments may have limited or no liquidity for a period of time. Some may also have additional minimum net worth and/or net income requirements for investments. HighPoint may also provide advice about any type of investment held in a client's portfolio.

HighPoint's clients are advised to promptly notify HighPoint if there are ever any changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon HighPoint's management services.

### **Use of Independent Managers**

As mentioned above, HighPoint may recommend that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment manager(s) (Independent Manager(s)), based upon the stated investment objectives of the client. The terms and conditions under which the client shall engage the Independent Manager(s) shall be set forth in separate written agreements between (1) the client and HighPoint and (2) HighPoint or client and the designated Independent Manager(s). HighPoint shall continue to render services to the client relative to the discretionary selection of Independent Manager(s) as well as the monitoring and review of account performance and client investment objectives, for which HighPoint shall receive an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated Independent Manager(s).

When selecting an Independent Manager for a client, HighPoint shall review information about the Independent Manager(s) such as its disclosure statement and/or material supplied by the Independent Manager(s) or independent third parties for a description of the Independent Manager's investment strategies, past performance and risk results to the extent available.

Factors that HighPoint shall consider in selecting Independent Manager(s) include the client's stated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated Independent Manager(s), together with the fees charged by the wrap fee program sponsor and corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, HighPoint's investment advisory fee set forth above. As discussed above, the client may incur additional fees to those charged by HighPoint, the designated Independent Manager(s), wrap fee program sponsor (if applicable), and corresponding broker-dealer and custodian.

In addition to HighPoint's written disclosure statement (ADV 2), the client shall also receive the written disclosure statement of the designated Independent Manager(s) and wrap fee program sponsor (if applicable). Certain Independent Manager(s) may impose more restrictive account requirements and varying billing practices than HighPoint. In such instances, HighPoint may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Manager(s) or wrap fee program sponsor.

If HighPoint refers a client to certain Independent Manager(s) where HighPoint's compensation is included in the advisory fee charged by such Independent Manager(s) and the client engages those Independent Manager(s), HighPoint shall be compensated for its services by receipt of a fee to be paid directly by the Independent Manager(s) to HighPoint in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended, and any corresponding state securities laws, rules, regulations, or requirements. Any such fee shall be paid solely from the Independent Manager(s) investment management fee or the program fee of the wrap fee program (as appropriate), and shall not result in any additional charge to the client.

## **Financial Planning**

HighPoint offers financial planning services, which may include a review of all aspects of a client's current financial situation, including the following components: cash management, risk management, insurance, education funding, goal setting, retirement planning, estate and charitable gift planning, tax planning, and capital needs planning. Clients understand that when HighPoint is engaged to address only certain components, the client's overall financial and investment issues may not be taken into consideration.

HighPoint meets with the client to review risk tolerance, financial goals and objectives, and time horizons. Additional meetings may include a review of additional financial information; such as sources of income, assets, insurance, liabilities, wills, trusts, business agreements, tax returns, investments, and personal and family obligations.

The financial plan may include both long and short-term considerations, depending upon the client's financial situation. Upon completion, a plan is presented to the client. At this meeting, the client is provided with recommendations compatible with the client's stated goals and objectives. An implementation schedule is reviewed with the client to determine what steps will be pursued, and with whom the steps may be accomplished. The client is under no obligation to utilize additional services of HighPoint and its representatives and is under no obligation to implement the advice or plan. Clients may choose all, none or certain specific components of

advice and recommendations and may implement the recommendations through the service providers of their choice.

### **Advisory Services to Retirement Plans and Plan Participants**

HighPoint offers various levels of advisory and consulting services to employee benefit plans and to the participants of such plans (Participants). The services are designed to assist plan sponsors (Plan Sponsors) in meeting their management and fiduciary obligations to Participants. HighPoint will provide services to Plan Sponsors and their Participants as described below. Plan Sponsors must make the ultimate decision to retain HighPoint for pension consulting and other advisory services including, but not limited to, services at the participant level. The Plan Sponsor is free to seek independent advice about the appropriateness of any recommended services for the plan.

HighPoint develops an Investment Policy Statement for each plan, which may include some or all of the following areas: overview, investor circumstances, tax policy, reviews, diversification and investment constraints, selection/retention criteria for investments, investment monitoring and control procedures and duties and responsibilities.

Services include: Management of vendor relationships; Request for Proposals (RFPs); Assistance on Plan Design Strategies; Fiduciary Consulting and Oversight; Investment Management; and Participant Education and Communication Services.

Advisory services provided to retirement plans may be solely provided by Investment Adviser Representatives (IARs), or in combination with third parties.

### **Sponsor and Manager of Wrap Program**

HighPoint is the sponsor and manager of the HighPoint Planning Partners Wrap Program (the Program), a wrap fee program. In the event the client participates in the Program, HighPoint shall provide its investment management services and arrange for brokerage transactions under a single annual advisory fee for both advisory services and execution of transactions. Clients in the Program do not pay brokerage commissions, markups or transaction charges for execution of transactions in addition to the advisory fee. The advisory fee is negotiable between the client and HighPoint and is set out in the advisory agreement. The advisory fee is a percentage based on the value of all assets in the account, including cash holdings. The advisory fee may be higher than the fee charged by other investment advisors for similar services. The advisory fee is paid to HighPoint and is shared between HighPoint and its associated persons (Investment Advisor Representatives).

Clients should be aware that HighPoint recommending the Program to the client receives compensation as a result of the client's participation in the Program. This compensation includes the advisory fee and also may include other compensation, such as bonuses, awards or other things of value offered by LPL to HighPoint or its associated persons. The amount of this compensation may be more or less than what HighPoint would receive if the client participated in other LPL programs, programs of other investment advisors or paid separately for investment advice, brokerage and other client services. Therefore, HighPoint may have a financial incentive to recommend a program account over other programs and services.

The investment products available to be purchased in the program can be purchased by clients outside of a program account, through broker-dealers or other investment firms not affiliated with HighPoint.

A complete description of the Program's terms and conditions (including fees) are contained in the Program's wrap fee brochure (See Form ADV Part 2A Appendix 1). There are no material

differences between the HighPoint managed wrap accounts and other accounts. The wrap relationship exists primarily because of the preference of some clients to not be subject to separate transaction charges.

### **Client Assets**

As of February 1, 2013, HighPoint manages approximately \$224 million in assets under management; all assets are managed on a discretionary basis.

## **Item 5: Fees and Compensation**

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HighPoint, depending upon the engagement, offers its services on a fee basis which may include hourly and/or fixed fees as well as fees based upon assets under management.

In certain circumstances, fees, account minimums and payment terms are negotiable depending on client's unique situation – such as the size of the aggregate related party portfolio size, family holdings, low cost basis securities, or certain passively advised investments and pre-existing relationships with clients. Certain clients may pay more or less than others depending on the amount of assets, type of portfolio, or the time involved, the degree of responsibility assumed, complexity of the engagement, special skills needed to solve problems, the application of experience and knowledge of the client's situation.

### **Compensation – Asset Management Services**

Annual Asset management fees, including Wrap Program accounts, range from 0.50% to 2.20%.

Clients will be billed quarterly in advance at the beginning of each calendar quarter based upon the value of the account on the last business day of the previous quarter. Fees will be debited from the account in accordance with the client authorization in the Asset Management Agreement.

Advisory fee is deducted from the account by the custodian of the assets based on a written authorization from the client.

If an Asset Management agreement is terminated before the end of the billing quarter, the client is entitled to a prorated refund of any pre-paid advisory fee based on the number of days remaining in the quarter after the termination date.

### **Compensation – Financial Planning**

Financial Planning and Consulting fees will be charged in one of two ways:

- On an hourly basis of \$250-\$500 per hour.
- As a fixed fee, typically ranging from \$500 to \$10,000, depending on the nature and complexity of each client's circumstances

All financial planning and consulting fees are due in arrears, upon presentation of the financial plan or consulting engagement for the client.

If a Financial Planning agreement is terminated before the end of the billing period, the client is entitled to a prorated refund of any pre-paid fee based upon the total fee less the time and services spent on the engagement prior to the termination.

### **Retirement Plan Services Fees**

HighPoint charges an annualized fee of up to 1.00% of the plan's assets for the pension consulting services described above. In lieu of an asset based fee, HighPoint may charge a fixed fee ranging from \$5,000 to \$100,000. Generally, a fixed-fee will not exceed 1.00% of the plan's assets unless there are special circumstances, including the factors described below, warranting a higher fee. The type and amount of the fees charged to the client are negotiable and are generally based on the size and complexity of the plan, the number of plan participants, the location of the participants, the estimated number of meetings required, and other factors that may be deemed relevant by HighPoint when negotiating with the client. An estimate of the total cost will be determined at the start of the advisory relationship.

If a Retirement Plan Service agreement is terminated before the end of the billing period, the client is entitled to a prorated refund of any pre-paid fee based upon the total fee less the time and services spent on the engagement prior to the termination.

### **Other Fees**

As further discussed in response to Item 12 (below), HighPoint shall generally recommend that clients utilize the brokerage and clearing services of LPL Financial (LPL) for investment management accounts.

HighPoint may only implement its investment management recommendations after the client has arranged for and furnished HighPoint with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions shall include, but are not limited to, LPL, any other broker-dealer recommended by HighPoint, broker-dealer directed by the client, trust companies, banks etc.

Clients may incur certain charges imposed by the Financial Institution(s) and other third parties such as fees charged by Independent Managers (as defined below), custodial fees, charges imposed directly by a mutual fund or exchange traded fund in the account, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to HighPoint's fee.

HighPoint's Agreement and/or the separate agreement with the Financial Institution(s) may authorize HighPoint through the Financial Institution(s) to debit the client's account for the amount of HighPoint's fee and to directly remit that management fee to HighPoint in accordance with applicable custody rules. The Financial Institution(s) recommended by HighPoint have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to HighPoint.

### **Commissions or Sales Charges for Recommendations of Securities**

In the event the client desires, the client can engage certain persons associated with HighPoint to render securities brokerage services under a commission arrangement. Clients are under no



obligation to engage such persons and may choose brokers or agents not affiliated with HighPoint. Under this arrangement, the client may implement securities transactions through certain of HighPoint's Investment Advisor Representatives, in their respective individual capacities as registered representatives of LPL, an SEC registered broker-dealer and member of FINRA. Brokerage commissions may be charged by LPL to effect these securities transactions and thereafter, a portion of these commissions may be paid by LPL to such Investment Advisor Representatives. Prior to effecting any transactions, the client will be required to enter into a new account agreement with LPL. The brokerage commissions charged by LPL may be higher or lower than those charged by other broker-dealers. In addition, certain of HighPoint's Investment Advisor Representatives, may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment.

While HighPoint does not sell such securities products to its investment advisory clients, HighPoint does permit its Investment Advisor Representatives, in their individual capacities as registered representatives of LPL, to sell securities products to its investment advisory clients. A conflict of interest exists to the extent that HighPoint recommends the purchase of securities where HighPoint's Investment Advisor Representatives receive commissions or other additional compensation as a result of HighPoint's recommendations. HighPoint has procedures in place to ensure that any recommendations made by such Investment Advisor Representatives are in the best interest of clients regardless of any additional compensation earned.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

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Neither HighPoint nor any of its Supervised Persons (employees) accepts performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

HighPoint does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client.

## **Item 7: Types of Clients**

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As described in Item 4, HighPoint clients include individuals, pension and profit sharing plans, trusts, estates and charitable organizations and corporations or other business entities.

HighPoint requires a minimum account of \$250,000 for investment advisory clients, although this may be negotiable under certain circumstances. HighPoint may group certain related client accounts for the purposes of achieving the minimum account size.

Certain Independent Manager(s) may impose more restrictive account requirements and varying billing practices than HighPoint. In such instances, HighPoint may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Manager(s) or wrap program sponsor.

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

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HighPoint often utilizes fundamental analysis which attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the securities.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time.

HighPoint may recommend the use of Independent Manager(s) for certain clients. HighPoint will continue to perform ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the Independent Manager(s)' ability to successfully implement their investment strategy. In addition, HighPoint does not have the ability to supervise the Independent Manager(s) on a day-to-day basis, if at all.

HighPoint may recommend the use of options for certain clients. Options allow HighPoint to hedge (limit) certain losses on positions clients hold. The option allows HighPoint to buy or sell a security at a certain price (not the current market price). Clients pay a fee for the option. If the option falls outside the money (i.e. the market price of the security does not justify repurchasing/selling the security at the option price), the client will lose the fee for that option.

**Note: All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings. Although we manage the assets in a manner consistent with risk tolerances, there can be no guarantee that our efforts will be successful. The investor should be prepared to bear the risk of loss.**

HighPoint's investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar next year will not buy as much as a dollar today, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## **Item 9: Disciplinary Information**

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of HighPoint or the integrity of HighPoint management. HighPoint has no information to disclose applicable to this Item.

## **Item 10: Other Financial Industry Activities and Affiliations**

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HighPoint is not registered and does not have an application pending as a securities broker-dealer, futures commission merchant, commodity pool operator or commodity trading advisor.

Bradley A. Schaffnit, William F. Schaffnit Jr., Douglas A. Schaffnit, Dina R. Weiss, Peter J. Lesnik, Steven R. Ostrander, Randall T. Bruns, Jill M. Levinson, Dory A. Rodriguez, John S. Groleau, Shireen Groleau, Joel Clousing, and Daniel G. McCabe are each Registered Representatives of LPL Financial. In addition to its investment advisory activities, HighPoint offers retail brokerage services through its Registered Representatives who are affiliated with LPL Financial. Products may include stocks, bonds, mutual funds, ETFs, 529 plans, retirement plans, and other investments. HighPoint generally conducts its investment advisory activities separate and apart from the advisory activities of LPL Financial. HighPoint as a branch of LPL Financial necessitates that LPL Financial keep and maintain certain records and perform other compliance functions in relation to the advisory activities of HighPoint. These obligations require LPL Financial to coordinate with and have the cooperation of certain custodians and/or broker-dealers. Accordingly, LPL Financial has established a list of custodian or brokerage firms in which HighPoint client assets may be placed, and HighPoint client custodial choices will be limited to that list.

Investment Advisor Representatives (IARs) of HighPoint may be appointed with several insurance companies and may be able to receive separate compensation for transactions implemented through various insurance companies. Clients are not obligated to use any company for insurance product purchases, and may work with any insurance agent they choose. Insurance compensation will be separate and distinct from financial planning and asset management fees charged by HighPoint.

As discussed above, HighPoint recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain Independent Manager(s). In certain circumstances HighPoint's compensation is included in the advisory fee charged by such Independent Manager(s). There may be a conflict of interest to choose such Independent Manager(s).

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

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HighPoint employees must comply with a Code of Ethics and Statement for Insider Trading. The Code describes HighPoint's high standard of business conduct, and fiduciary duty to its clients. The Code's key provisions include:

- Statement of General Principles
- Policy on and reporting of Personal Securities Transactions
- A prohibition on Insider Trading
- Restrictions on the acceptance of significant gifts
- Procedures to detect and deter misconduct and violations
- Requirement to maintain confidentiality of client information

The Chief Compliance Officer reviews all employee trades each quarter. These reviews ensure that personal trading does not affect the markets, and that clients of HighPoint receive preferential treatment.

HighPoint employees must acknowledge the terms of the Code of Ethics at least annually. Any individual not in compliance with the Code of Ethics may be subject to termination.

Clients and prospective clients can obtain copies of HighPoint's Code of Ethics by contacting Bradley A. Schaffnit at 630.719.9222.

HighPoint and its employees may buy or sell securities identical to those recommended to clients for their personal accounts. The Code of Ethics, described above, is designed to assure that the personal securities transactions, activities and interests of the employees of HighPoint will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities, primarily mutual funds, have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of HighPoint clients. In addition, the Code requires pre-clearance of certain transactions. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee.

Employee trading is continually monitored under the Code of Ethics, and designed to reasonably prevent conflicts of interest between HighPoint and its clients.

HighPoint and its employees do not recommend to clients, or buy or sell for client accounts, securities in which they have a material financial interest.

HighPoint will not affect any principal or agency cross securities transactions for client accounts. HighPoint will also not cross trades between client accounts.

HighPoint and its employees may buy or sell securities that are also held by clients. Employees must comply with the provisions of HighPoint's Code of Ethics.

### **Participation or Interest in Client Transactions – Aggregation**

HighPoint and its employees may trade in the same securities with client accounts on an aggregated basis when consistent with HighPoint obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. HighPoint will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

## **Item 12: Brokerage Practices**

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As discussed above, in Item 5, HighPoint shall generally recommend that clients utilize the brokerage and clearing services of LPL.

Factors which HighPoint considers in recommending LPL or any other broker-dealer, to clients include their respective financial strength, reputation, execution, pricing, research, and service. LPL enables HighPoint to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by LPL may be higher or lower than those charged by other broker-dealers.

The commissions paid by HighPoint's clients shall comply with HighPoint's duty to obtain "best execution." However, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where HighPoint determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while HighPoint will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

If the client requests HighPoint to arrange for the execution of securities brokerage transactions for the client's account, HighPoint shall direct such transactions through broker-dealers that HighPoint reasonably believes will provide best execution. HighPoint shall periodically and systematically review its policies and procedures regarding recommending broker-dealers to its client in light of its duty to obtain best execution.

The client may direct HighPoint in writing to use a particular broker-dealer to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and HighPoint will not seek better execution services or prices from other broker-dealers or be able to “batch” client transactions for execution through other broker-dealers with orders for other accounts managed by HighPoint (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, HighPoint may decline a client’s request to direct brokerage if, in HighPoint’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

Transactions for each client generally will be effected independently, unless HighPoint decides to purchase or sell the same securities for several clients at approximately the same time. HighPoint may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among HighPoint’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among HighPoint’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that HighPoint determines to aggregate client orders for the purchase or sale of securities, including securities in which HighPoint’s Advisory Affiliate(s) may invest, HighPoint shall generally do so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission.

HighPoint shall not receive any additional compensation or remuneration as a result of the aggregation. In the event that HighPoint determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, HighPoint may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist HighPoint in its investment decision-making process. Such research generally will be used to service all of HighPoint’s clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client’s portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because HighPoint does not have to produce or pay for the products or services.

## **Commissions or Sales Charges for Recommendations of Securities**

As discussed above, certain Investment Advisor Representatives in their respective individual capacities are registered representatives of LPL. These Investment Advisor Representatives are subject to FINRA Rule 3040 which restricts registered representatives from conducting securities transactions away from their broker-dealer unless LPL provides written consent. Therefore, clients are advised that certain Investment Advisor Representatives may be restricted to conducting securities transactions through LPL unless they first secure written consent from LPL to execute securities transactions through a different broker-dealer. Absent such written consent or separation from LPL, these Investment Advisor Representatives are prohibited from executing securities transactions through any broker-dealer other than LPL under LPL's internal supervisory policies. HighPoint is cognizant of its duty to obtain best execution and has implemented policies and procedures reasonably designed in such pursuit.

## **Support Provided by Financial Institutions**

HighPoint may receive the following benefits from LPL: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its registered investment advisor group participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

## **Wrap Fee Programs**

As disclosed in Item 4, clients may participate in wrap fee programs. In evaluating a wrap-fee program, a client should recognize that brokerage commissions for the execution of transactions in their account are not negotiated. Transactions are effected net, i.e., without commission and a portion of the wrap fee is generally considered to be in lieu of commissions. Trades are generally expected to be executed only with the broker dealer with which the client has entered into the wrap fee arrangement.

HighPoint may not, therefore, be free to seek best price and execution by placing transactions with other broker dealers. HighPoint experience indicates that certain broker dealers under clients' wrap fee agreements generally offer best price for transactions in listed equity securities, but no assurance can be given that such will continue to be the case with those or other broker dealers which may offer wrap fee arrangements, nor with respect to transactions in other types of securities. The client may wish to ensure that the broker dealer offering the wrap-fee arrangement can provide adequate price and execution of most or all transactions. The client should also consider that depending on the wrap-fee charged by the broker dealer, the amount of portfolio activity in the client's account, the value of custodial and other services which are provided under the arrangement, and other factors, the wrap-fee may or may not exceed the aggregate cost of such services were they to be provided separately and if the firm were free to negotiate commissions and seek best price and execution of transactions for the client's account.

## **Item 13: Review of Accounts**

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The HighPoint Investment Policy Committee is comprised of Bradley A. Schaffnit, Principal and Chief Compliance Officer, Dina R. Weiss, Chief Investment Officer, Douglas A. Schaffnit and



William F. Schaffnit Jr. Each Committee member is also a primary client manager. The Committee meets regularly to discuss overall firm investment philosophy to consistently apply to client accounts regardless of the primary client manager.

Each client is assigned a primary relationship manager. The primary relationship manager has the responsibility for communicating with the client, updating changes to the client's situation and regularly reviewing the client's portfolio including the asset allocation and the specific assets included in the account. The client review includes comparing the portfolio and current security positions with the goals and objectives as outlined by the investment policy statement, reviewing changes to the client's investment circumstances, evaluating the specific holdings, re-balancing the portfolio and communicating the current status of the portfolio and any recommended actions to the client.

Clients' accounts are reviewed regularly; formal reviews, including contact with clients, typically occur at least 2 times a year.

Reviews may also be conducted if there are changes in market, political or economic conditions, tax laws, new investment information, and/or changes in a client's own situation.

At least quarterly, LPL Financial provides clients with an account statement for each client account, which may include individual holdings, cost basis information, deposits and withdrawals, and performance. In addition, LPL Financial provides clients with trade confirmations for each position bought and sold.

### **Financial Planning – Reviews and Reporting**

Financial Planning and Consulting clients will be reviewed as contracted at the inception of the engagement.

## **Item 14: Client Referrals and Other Compensation**

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HighPoint does not receive any economic benefits (other than normal compensation and benefits described in Item 12) from any firm or individual for providing investment advice.

### **Compensation – Client Referrals**

HighPoint does not make or accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## **Item 15: Custody**

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Clients may authorize HighPoint (in the client agreement) to debit fees directly from the client's account at the Custodian(s). The Custodian(s) is/are advised in writing of the limitation of HighPoint access to the account. The Custodian(s) sends a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to HighPoint.



As described above and in Item 13, clients receive at least quarterly statements from the Custodian(s) that holds and maintains client's investment assets. Clients are urged to carefully review such statements and compare such official custodial records to the reports that HighPoint may provide. HighPoint reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16: Investment Discretion**

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HighPoint may accept limited power of attorney to act on a discretionary basis on behalf of clients. A limited power of attorney allows HighPoint to execute trades on behalf of clients.

When such limited powers exist between HighPoint and the client, HighPoint has the authority to determine, without obtaining specific client consent, both the amount and type of securities to be bought to satisfy client account objectives. Additionally, HighPoint may accept any reasonable limitation or restriction to such authority on the account placed by the client. All limitations and restrictions placed on accounts must be presented to HighPoint in writing.

If HighPoint has not been given discretionary authority, HighPoint consults with the client prior to each trade.

## **Item 17: Voting Client Securities**

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HighPoint does not have any authority to and does not vote proxies on behalf of clients. Clients retain the responsibility for receiving and voting proxies for securities maintained in their portfolios; clients receive these proxies directly from either LPL Financial or transfer agents.

If requested, HighPoint may provide advice to clients regarding proxy votes. If any conflict of interest exists, it will be disclosed to the client. Clients may contact Bradley A. Schaffnit at 630.719.9222 for information about proxy voting.

## **Item 18: Financial Information**

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HighPoint has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

HighPoint does not require prepayment of fees of both more than \$1,200 per client, **and** more than six months in advance; and therefore is not required to provide a balance sheet to clients.