



## **HEWINS FINANCIAL ADVISORS, LLC**

SEC File Number: 801 – 56865

### **Firm Brochure (Part 2A of Form ADV)**

**August 27, 2014**

**Contact: Diane Kelvie, Chief Compliance Officer  
400 South El Camino Real, Suite 800  
San Mateo, CA 94402  
Phone: 888-520-3040  
Fax: 650-372-0813  
[www.hewinsfinancial.com](http://www.hewinsfinancial.com)**

This brochure provides information about the qualifications and business practices of Hewins Financial Advisors, LLC ("Hewins"). If you have any questions about the contents of this brochure, please contact us at (888) 520-3040 or [dkelvie@hewinsfinancial.com](mailto:dkelvie@hewinsfinancial.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. SEC registration does not carry with it requirements regarding skill or training. Additional information about Hewins Financial Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: MATERIAL CHANGES**

These summaries are intended only as notices to changes in this brochure that Hewins Financial Advisors, LLC (“Hewins” or “we”) believes its clients will find material. If the information in the full text of this brochure is different from the summaries, the full text in the brochure should be relied upon.

Our operations or services have experienced the following material changes since the last annual update of this brochure dated August 23, 2013:

### **Financial Industry Affiliations (Summary)**

In September 2013 our management formed an affiliate insurance company named Hewins Brokerage Services, LLC. In April 2014, Hewins Brokerage Services, LLC began applying for membership with the Financial Industry Regulatory Authority as a registered broker-dealer. The application process is ongoing. To date there has been no business conducted out of Hewins Brokerage Services, LLC. Certain of our employees are also registered representatives of, and hold officer positions in, Hewins Brokerage Services, LLC.

Certain of our Investment Advisor Representatives (“IARs”) are now also IARs of Elko Financial Services, LLC (“Elko”). We provide sub-advisory services to Elko pursuant to the terms and conditions of a Sub-Advisory Agreement between us and Elko. Hewins and Elko are not owned or controlled by, or under common control with, the other. IARs dually registered with Hewins and Elko are subject to the compliance, procedural and other practices of each firm. However, these dually registered IARs receive no additional compensation for work performed on behalf of Elko, except that they may be eligible for certain revenue share bonuses paid by us related to the fees we receive from Elko for our sub-advisory services.

Additional information on the specifics of Hewins’ affiliations can be found in Item 10.

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#### **Item 4: ADVISORY BUSINESS**

Hewins Financial Advisors, LLC (“Hewins” or “we”) is a limited liability company formed in 1999 in the state of Delaware and registered as an SEC Investment Advisor in that same year. Hewins is owned by Wipfli Financial, LLC (a wholly owned subsidiary of Wipfli LLP), Roger Hewins and 17 senior members of the firm.

As discussed below, we offer investment advisory and financial planning services to our clients (including individuals, families, business entities, pension and profit sharing plans, trusts, estates and charitable organizations), or to CPA firms and other investment advisers through our OnCue Wealth Management Solutions™ brand. Clients may choose one service without any obligation to engage us for the other.

#### **Standard Investment Advisory Services**

Clients can engage us to provide ongoing investment advisory services on a discretionary or a non-discretionary basis in accordance with the client’s investment objectives. Our services are fully described in the written Investment Advisory Agreement, provided to and signed by the client. Once determined, the client’s investment objectives are then set forth in a written Investment Policy Statement (“IPS”) prepared by us and also signed by the client. We do not have a minimum account size for standard investment advisory services, but we do require a minimum of \$5,000 in annual fees; however, clients with immediate family members who are also our clients may aggregate the total fees of each client-member of the family to meet our \$5,000 annual minimum fee requirement on a family-wide basis. Please note that we have no minimum account size or minimum fees for participation in our Key Access Services®, which have been designed for investors

with growing wealth and are further explained below. Our fees are discussed more fully in Item 5 below.

We provide investment advisory services specific to the needs of each client. These services are provided to the client by a dedicated Hewins Investment Advisor Representative (“IAR”). The IAR ascertains, in consultation with the client, the client’s financial situation, risk tolerance, and investment objectives as well as other pertinent information. From this information, the IAR prepares a written IPS for the client’s approval. The IPS may be modified at any time. We generally recommend that clients allocate their investment assets among various mutual funds and/or separate accounts using Independent Managers where appropriate, in accordance with the investment profile of the client and recommended investment strategies as set forth in the IPS. We do not generally recommend individual stocks or bonds. In certain circumstances, clients may impose reasonable restrictions regarding their investments.

As part of our investment advisory services, we make certain investment benefits available to our clients that may not otherwise be available to retail investors. Such benefits include:

- Access to professionally-developed and monitored model portfolios suitable for investors with a wide range of risk tolerances;
- Access to institutional share classes (i.e., lower-cost share classes) of certain fund families;
- Access to certain fund families whose substantial minimums would normally preclude retail client investment;
- Access to certain low-cost fund families made available only to a select group of registered investment advisers; and
- Access to sophisticated investment research not available to the public.

As described in Item 8 below, portfolio rebalancing and tax loss harvesting are part of the standard advisory services offered to clients.

In conjunction with investment advisory services, we provide financial planning services. We make use of an interactive planning tool to develop a thorough understanding of our clients and their financial lives. The use of this software provides clients with immediate visual feedback of the financial results stemming from different assumptions and choices. This knowledge is then used to help the client establish investment objectives and risk tolerances.

In general, our clients’ accounts are implemented via the custody platform at Schwab Advisor Services, a division of Charles Schwab & Co., Inc. (hereinafter referred to as “Schwab”), or at TD Ameritrade Institutional (hereinafter referred to as “TD Ameritrade”). In order to receive our services, clients enter into written account agreements with the applicable custodian. For fees associated with custodial services, please refer to Item 5 below.

### Independent Managers

To address a client’s designated investment objectives, we may recommend that the client allocate a portion of his or her investment assets to one or more unaffiliated independent investment

managers. In such situations, the client will enter into a separate agreement with the Independent Manager and will incur a separate fee for those services. The Independent Manager shall have day-to-day responsibility for the active discretionary management of the allocated assets. Factors that we consider before recommending an Independent Manager include, but are not limited to, the client's investment objectives, the Independent Manager's management style, investment team, performance history, reputation, financial strength, pricing, and investment process. Some of these Independent Managers may not be available to the general public. When a client hires an Independent Manager, we will continue to render investment advisory services regarding the assets placed with the Independent Manager, including the ongoing monitoring and review of account performance and compliance with the client's investment objectives. If a client chooses to invest with Independent Managers, the value of the client's assets invested with Independent Managers will be included in the calculation of our investment advisory fees.

We do not receive any referral fees for recommending any Independent Manager.

### Private Investment Funds

We may provide investment advice regarding Private Investment Funds. Our role relative to Private Investment Funds shall be limited to initial and ongoing due diligence and investment monitoring services. If a client chooses to become a private fund investor, the client will enter into a separate agreement with the Private Investment Fund and will incur separate fees that may vary based upon the specifics of the Private Investment Fund(s). Assets invested in the private fund(s) will be included in the calculation of our investment advisory fees. We do not receive any referral fee for recommending any investment with a Private Investment Fund.

### **SUBSTANTIAL RISK:**

Each prospective client investor will be required to complete a Subscription Agreement and other subscription documentation that will establish that the client is qualified for investment in the fund and acknowledges and accepts in writing the various risk factors that are associated with such an investment.

- A. Liquidity. Private Investment Funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided by the fund to each client, in advance, for review and consideration. Unlike other liquid investments that a client may maintain, Private Investment Funds generally do not allow for withdrawals or termination without long delays, financial penalties or both; in other words, they generally are known as an illiquid investment.
- B. Valuation. Private Investment Funds generally do not provide daily pricing. In the event that we reference Private Investment Funds owned by the client on any account reports that we prepare, the values for all Private Investment Funds will reflect either the initial purchase or the most recent valuation provided by the fund sponsor. If the valuation reflects the initial purchase price or a value as of a previous date, the current values could be significantly more or less than the original purchase price.

## **Key Access Services®**

We are pleased to offer Key Access Services®, discretionary investment advisory services designed for clients who want to work with an investment adviser but who wish to do so without the minimum \$5,000 annual fee we typically charge for standard investment advisory services.

Key Access Services® clients receive services similar to our standard investment advisory services, including:

- We provide investment advisory services specific to the needs of each client. These services are provided to the client by a dedicated Hewins Investment Advisor Representative (“IAR”). The IAR ascertains, in consultation with the client, the client’s financial situation, risk tolerance, and investment objectives as well as other pertinent information. From this information, the IAR prepares a written IPS for the client’s approval.
- Clients participating in Key Access Services® are able to select from among Hewins’ diversified model portfolios. We have complete discretion over which model portfolios are available to Key Access Services® clients, and we strive to offer an assortment of model portfolios capable of meeting various risk tolerances and investment objectives;
- Key Access Services® clients will receive the rebalancing and tax loss harvesting services described in Item 8;
- Key Access Services® clients will receive our standard reporting services;
- Through the model portfolios, we make certain investment benefits available to Key Access Services® clients that may not otherwise be available to retail investors. Such benefits may include:
  - Access to professionally-developed and monitored model portfolios suitable for investors with a wide range of risk tolerances;
  - Access to institutional share classes (i.e. lower-cost share classes) of certain fund families;
  - Access to certain fund families whose substantial minimums would normally preclude retail client investment;
  - Access to certain low-cost fund families made available only to a select group of registered investment advisers; and
  - Access to sophisticated investment research not available to the public.

Key Access Services® differ from our standard investment advisory services in the following ways:

- As more fully set forth in Item 5 below, there are no minimum fees charged to Key Access Services® clients, and the fee schedule for Key Access Services® varies from the fee schedule for standard investment advisory services;
- We will invest a Key Access Services® client’s assets in accordance with the model portfolio of his or her choosing; we do not customize the portfolio or recommend independent investment managers or private investment funds to Key Access Services® clients;
- Key Access Services® include one in-person meeting with our IARs per year as part of the standard Key Access Services® pricing. Any additional in-person meetings are generally

billed hourly as more fully set forth in Item 5. We reserve the right to waive any or all hourly fees for additional one-on-one meetings. Key Access Services® clients are encouraged to communicate with their dedicated IAR via telephone, email or other medium at no additional charge; and

- Additional services, including financial planning services or family office services, will require additional agreements and fees. The fees for these services are more fully set forth in Item 5 below.

In general, Key Access Services® clients' accounts are implemented via the custody platform at Schwab or at TD Ameritrade. In order to receive Key Access Services®, clients enter into written account agreements with the applicable custodian. For fees associated with custodial services, please refer to Item 5 below.

### **Financial Planning and Consulting Services**

Clients who do not have an investment advisory or Key Access Services® relationship with us may elect to receive financial planning services pursuant to the terms of a Financial Planning Agreement. The financial planning agreement describes the scope of the services to be provided and the fees to be charged.

On a stand-alone, separate fee basis, we can provide consulting services on various non-investment issues such as estate planning, insurance planning, tax planning, and other issues. For these consulting services the client will sign a separate agreement describing the scope of the services and the fees to be charged. We may in our sole discretion waive any or all fees for consulting services.

Neither we nor any of our employees serve our clients as an accountant or attorney, and no portion of our services should be considered to be a substitute for such services.

### **Family Office/Private Client/Other Services**

Clients may negotiate for and receive other services from us, such as organizing and conducting family meetings, working with client's children to provide them with financial education or other family financial planning coordination. Additionally, working with our affiliate Wipfli LLP, we can provide clients with other services including the maintenance of partnership books, preparation of financial statements, income and gift tax return preparation, and bill paying services. All additional services and the fees for these services are rendered pursuant to a written agreement describing the scope of services to be rendered and the fees to be charged, and must be signed by the parties. These services may be offered under the names Family Office Services, Private Client Services, or other names, and are provided based on the needs of the client.

### **OnCue Wealth Management Solutions™/Sub-Advisory Services**

Our OnCue Wealth Management Solutions ("OnCue") help CPA firms begin and develop their own wealth management practice, and also support independent registered investment advisors

("RIAs") in the provision of advisory services to their clients. Such assistance is provided pursuant to signed written agreements which detail the terms, conditions and fees of each OnCue/sub-advisory relationship.

The sub-advisory services provided by Hewins can be customized depending on the needs of the individual firm and may include:

- Portfolio design, including model portfolios to offer clients;
- Access to institutional and other low-cost funds not generally available to retail investors or smaller advisory firms;
- Transaction services, which may include but are not limited to:
  - Implementation of new portfolios;
  - Rebalancing;
  - Investment of incremental cash flows;
  - Transactions which provide liquidity for cash draws;
  - Tax loss harvesting;
- Capital markets and individual fund/manager research;
- Billing services;
- Asset Allocation Analysis;
- Portfolio accounting;
- Access to client portal;
- Reporting services;
- Access to and assistance with institutional custody services;
- Access to the insights and recommendations of the Hewins Investment Committee; and
- Assistance with business development, client service, marketing and strategic planning.

For such services, we generally receive either a percentage of the fees that the OnCue Client charges its clients or a percentage of the OnCue Client's clients' assets. The fee(s) will vary depending on the number and complexity of the services performed.

Depending on the nature of the services requested, we may require that the OnCue Client provide proof that its clients have consented to us to render the services on behalf of the OnCue Client. Additionally, we may have access to nonpublic personal information of the OnCue Client's clients. We maintain all such nonpublic personal information pursuant to our privacy and security policies and procedures.

### **Third-Party Professionals/Wipfli LLP**

To the extent requested by a client, we may recommend the services of other professionals for certain non-investment purposes (e.g., attorneys, accountants, insurance agents, etc.). The recommendations can include suggesting the use of representatives of Wipfli LLP, a certified public accounting firm that is an owner of Hewins, in their separate licensed capacities as discussed below (see Item 10). On occasion, with the client's advance knowledge and written permission, we may engage and pay for the services of a professional to assist with certain client issues. The client retains absolute discretion over the use of such professionals and is free to accept or reject any



recommendation. We receive no fee or other benefit for these referrals, including referrals to Wipfli LLP.

### **Client Obligations and Responsibilities**

We offer our clients a selection of services. Clients who engage us for one of the services we provide are under no obligation to engage us for any of the other services.

We shall not be required to verify any information we receive from the client or from the client's other professionals, and the Investment Advisory Agreement expressly authorizes us to rely on information provided to us.

It remains the client's responsibility to promptly notify us if there is ever any change in the client's financial situation or investment objectives so that our recommendations continue to be appropriate for the client's needs.

### **Disclosure Statement**

New clients will receive a copy of this Form ADV Part 2A Brochure and a Brochure Supplement known as Part 2B. Part 2B Brochures describe the background and experience of each employee who serves on the Investment Committee or provides clients with direct investment advice. If there are material changes, by September of each year all clients will receive either: (1) an updated Brochure that includes a summary of material changes; (2) an updated Brochure that is accompanied by a summary of material changes; or (3) a summary of material changes that includes an offer to provide a copy of the updated Brochure and information on how to obtain that updated Brochure. Interim amendments to the Brochure will not be distributed to clients unless the amendment relates to disciplinary information found in Item 9. Clients will also receive an updated Brochure Supplement if there is a material change to the disciplinary history for the individual. In addition, as a fiduciary we have an ongoing responsibility to inform our clients of any material information that could affect the advisory relationship. For those clients who have consented to the electronic delivery of documents, the Brochures may be delivered electronically.

### **Courtesy Accounts**

As an accommodation for clients and others, from time to time we may allow clients to establish an account ("Courtesy Account") under our courtesy Master Account at Schwab. Before we agree to allow a client to establish a Courtesy Account, the account holder must sign a written Courtesy Account Agreement which sets forth the terms and conditions under which the Courtesy Account must operate. These conditions include but are not limited to the following:

- (i) We will not have any fiduciary or other responsibility with respect to assets held in any Courtesy Account;
- (ii) We have no responsibility to monitor, trade, or report on assets held in the Courtesy Account; and
- (iii) Assets held in the Courtesy Account will not be included in our fee calculations.

## **Wrap Fee Program**

We do not participate in a wrap fee program.

## **Assets Under Management**

As of June 30, 2014, we had \$1,875,836,191 in assets under management on a discretionary basis and \$1,619,847,684 in assets under management on a non-discretionary basis.

## **Item 5: FEES AND COMPENSATION**

### **Investment Advisory Services**

Our annual investment advisory fee is tiered, based upon a percentage (%) of the market value of the assets under our management.

#### **Standard Investment Advisory Services**

For standard investment advisory services generally the fee is as follows:

<b><u>ASSET BREAKPOINTS</u></b>	<b><u>ANNUAL FEE</u></b>
<b>First \$2,000,000</b>	1.00%
<b>Next \$3,000,000</b>	0.85%
<b>Next \$5,000,000</b>	0.40%
<b>Above \$10,000,000</b>	0.30%

**Minimum:** There is a minimum quarterly fee of \$1,250 or seventy five basis points (0.75%) of the Assets, whichever is less. In our sole discretion, we may reduce our investment advisory fee, or waive or reduce our quarterly fee minimum. Such reductions will be based upon certain criteria (e.g. anticipated future earning capacity, anticipated future additional assets, amount of assets to be managed, related accounts, account composition, negotiations with client, etc.) (see Items 7 and 14 below).

The fees above are for standard investment advisory services as detailed in each applicable Investment Advisory Agreement and include basic financial planning services. If a client requires specific consulting services, those services require a separate agreement and incur a separate fee as described below.

#### **Defined Benefit/Custom Defined Contribution Plan Services**

For defined benefit plan advisory services or custom defined contribution plan services defined contribution plan services generally the fee is as follows:

<b><u>ASSET BREAKPOINTS</u></b>	<b><u>ANNUAL FEE</u></b>
<b>First</b> \$2,000,000	1.00%
<b>Next</b> \$3,000,000	0.85%
<b>Next</b> \$5,000,000	0.40%
<b>Above</b> \$10,000,000	0.30%

**Minimum:** There is a minimum quarterly fee of \$1,250 or seventy five basis points (0.75%) of the Assets, whichever is less. In our sole discretion, we may reduce our investment advisory fee, or waive or reduce our quarterly fee minimum. Such reductions will be based upon certain criteria (e.g. anticipated future additional assets, amount of assets to be managed, account composition, negotiations with client, etc.) (see Items 7 and 14 below).

#### **Standard Defined Contribution Plan Services**

For our standard/defined contribution plan services, generally the fee is as follows:

<b><u>ASSET BREAKPOINTS</u></b>	<b><u>ANNUAL FEE</u></b>
<b>First</b> \$2,000,000	0.60%
<b>Next</b> \$3,000,000	0.50%
<b>Next</b> \$5,000,000	0.30%
<b>Above</b> \$10,000,000	0.20%

**Minimum:** There is a minimum quarterly fee of \$500 or seventy five basis points (0.75%) of the Assets, whichever is less. In our sole discretion, we may reduce our investment advisory fee or waive or reduce our quarterly fee minimum.

#### **Key Access Services®**

For Key Access Services® the fee is as follows:

<b><u>ASSET BREAKPOINTS</u></b>	<b><u>ANNUAL FEE</u></b>
\$0 - \$500,000	1.25%
\$500,001 - \$2,000,000	1.00%
\$2,000,001 - \$5,000,000	0.85%
\$5,000,001 - \$10,000,000	0.40%
Above \$10,000,000	0.30%

**Other Key Access Services® Fees:** Key Access Services® do not have minimum quarterly fees. Key Access Services® clients may be charged hourly fees for in-person meetings with our IARs if the client requests more than one in-person meeting a year. The hourly fee for additional in-person meetings is generally \$200 an hour but depends on the billing rate of the particular IAR. We retain the discretion to waive or reduce any hourly fees.

#### **All Investment Advisory Services**

Our annual fees for the services identified above are paid quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter. The initial quarterly fee is based on funding dates or the date(s) assets are transferred. Generally, clients elect to have our advisory fees deducted from their custodial accounts. The custodial agreement signed by the client

authorizes the custodian to debit the account for the amount of our investment advisory fees and to directly remit the fees to us in compliance with procedures accepted by the SEC. In those limited circumstances in which the client has requested to be billed directly, payment is due upon receipt of our invoice.

Our Investment Advisory Agreements with our clients will continue in effect until terminated by either us or the client by written notice. In accordance with the terms of the Investment Advisory Agreement, after its termination we will provide a prorated refund on any unearned portion of the advisory fee that was paid in advance. Any refund due will be paid within five weeks of notice of termination.

### **Financial Planning and Consulting Services**

Our Financial Planning and consulting fees are negotiable and dependent upon the level and scope of the services required and the IARs rendering the services. They typically range from \$1,000 to \$5,000 on a fixed fee basis or \$150 to \$300 per hour. Fees for financial planning and consulting services are typically billed at the end of the project, except in cases of projects of extended length, where interim billing may take place. These fees are not deducted from client accounts; instead they are paid directly by the client. We may request an initial deposit.

### **Family Office/Private Client/Other Services**

Fees for Family Office/Private Client or other services are typically negotiated and will vary depending on the extent and complexity of the services to be rendered. Where applicable, we will pay appropriate third parties any share of these fees that may have been earned in conjunction with rendering other services to our clients. We will not receive any financial benefit from these third parties as a result of the performance of these services.

### **OnCue Wealth Management Solutions™/Sub-Advisory Services**

OnCue Wealth Management Solutions fees vary based upon the service types requested and the complexity of the services to be performed. We generally receive either a percentage of the fees that the OnCue Client charges its clients or a percentage of the OnCue Client's clients' assets, but may charge additional fees as negotiated or necessary for the performance of the services, including technology fees or technology licensing fees, implementation fees, retainer fees, or other fees as warranted by the services being provided.

### **Custodial Fees**

We generally recommend that Schwab or TD Ameritrade serve as the custodian for our client's advisory assets. Fees charged by the custodian are separate from and in addition to the fees clients pay to us. Custodian fees may include transaction fees for effecting certain securities transactions, asset-based pricing fees or other fees. Asset based pricing fees are assessed on the value of the portfolio rather than on individual transactions, which with appropriate accounts may result in lower custodial expenses. The fees charged by the custodian may be higher or lower than those

charged by other custodians. Schwab, TD Ameritrade and/or other custodians are responsible for setting their custodial, transactional and similar fees, which may be subject to change and are outside of our control.

For clients using other custodians, fees will vary according to the custodian selected. For further information on our custody/brokerage practices, see Item 12.

### **Independent Manager/Mutual Fund Fees**

Independent Manager and Mutual Fund fees are in addition to and separate from the advisory fee we charge. Fees charged will vary among the Independent Managers and Mutual Funds. Generally, we recommend “no-load” mutual funds.

The custodian will provide each client with a fund prospectus for each Mutual Fund in which the client invests. We do not provide the prospectus. The prospectus discloses the mutual fund’s management and fee structure. The Independent Manager’s fee will be outlined in a separate agreement between the Independent Manager and the client.

### **Compensation for the Sale of Securities or Other Investment Products**

As more fully set forth in Item 10 below, certain of our principals and IARs are also registered representatives of broker-dealers and are licensed to sell certain insurance products. Our principals and IARs that sell insurance products earn commissions on each sale they broker. Our employees and principals that earn commissions are obligated to assign their commissions to us to the extent applicable regulations allow them to do so. Once Hewins Brokerage Services, LLC is granted approval as a registered broker-dealer and FINRA membership, our employees and principals who are also registered representatives of any broker-dealer will be contractually obligated to assign all commission or similar compensation to Hewins Brokerage Services, LLC. The receipt of commissions by either our IARs or by us from the sale of a product can create a compensatory incentive to sell products not in the best interests of our client, and thus create a conflict of interest between us and our client.

In order to mitigate this conflict of interest, all compensation to our dually-registered employees is limited by agreement to salaries and bonuses derived from the fee-based services of Hewins Financial Advisors; commission generation from the sale of insurance products will not be taken into consideration in evaluating or determining our employees’ salaries or bonuses. Additionally, to the extent our principals and IARs earn commissions they cannot assign to us or to Hewins Brokerage Services, LLC, the value of each such commission is subtracted from the employee’s total compensation due for services provided on our behalf.

Notwithstanding our efforts to mitigate the conflicts of interest related to the receipt of commissions, an indirect conflict of interest may still exist between us and our clients to the extent a registered representative of any broker-dealer is also a principal of Hewins Financial Advisors or Hewins Brokerage Services because of the principal’s financial interests in the firms and the direct effect the assignment of commissions can have on the profitability of the firms.

Our clients have the option to purchase securities and insurance products from any broker or registered representative of their choice, whether affiliated with us or not.

#### **Item 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Neither Hewins nor any of our employees accept performance-based fees, and as a result we do not engage in side-by-side management.

#### **Item 7: TYPES OF CLIENTS**

Our clients include individuals, families, business entities, pension and profit sharing plans, trusts, estates and charitable organizations located throughout the United States, as well as CPA firms or other investment advisors as part of our OnCue Wealth Management Solutions services. Our minimum fee for standard investment advisory services generally is \$5,000 regardless of the value of the assets. However, our Key Access Services® does not have any requisite minimum annual fee or minimum asset level. Fees for other services are set forth in Item 5 above.

#### **Item 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

##### **Basic Strategy**

We use a long-term investment strategy based on helping our client determine an appropriate asset allocation given the client's objectives and risk tolerance, then implementing that allocation in a broadly diversified portfolio through the use of mutual funds, separate accounts and other vehicles as appropriate. Interim fluctuations in market value and rates of return may be experienced in order to achieve long-term objectives. We employ no tactical or market timing element within our overall strategy. However, individual funds and managers we recommended or that are used by the client may employ different strategies with different associated risks.

##### **Investment Strategy Relationship**

To augment our base of financial and investment-related information and for the purposes of additional sophisticated analysis, we have engaged Callan Associates Inc. ("Callan"). We are a member of the Callan Independent Adviser Group ("IAG"), an organization of approximately 36 Registered Investment Advisor firms. Callan is one of the largest investment advisory firms in the country and provides research, education, decision support and advice to a broad array of institutional investors. Through our membership in Callan's IAG, we have access to resources normally only available to the largest investors, including:

- Capital Markets Projections related to risk, return and correlations of Asset Classes;
- Asset allocation software;
- A select list of recommended investment management organizations and products (in the form of mutual fund and separate account vehicles) based on in-depth qualitative and quantitative due diligence. Many of these money managers provide their services to IAG member clients at reduced minimums and discounted fees;

- A comprehensive database of mutual funds and separate account managers;
- Performance measurement reports; and
- Research on various investment topics.

### **Capital Market Expectations**

In determining an appropriate asset allocation for a client, we perform an asset allocation analysis based on forward-looking capital markets expectations and correlations among the various asset classes. These expectations are by nature imprecise; it is not possible to predict future performance. There can be no assurance that future returns will approximate the long-term rates of return experienced for each asset class, that future performance of an asset mix will fall within the simulated range of returns or that any modeled return will be achieved.

### **Rebalancing and Tax Loss Harvesting**

Based upon the client's prior written agreement to do so, we have, without further approval, the authorization to rebalance the client's portfolio and/or perform tax loss harvesting in accordance with the client's approved asset allocation.

Over time, the value of different asset and sub-asset classes of a client's portfolio may rise or fall so that their percentages fall outside the asset allocation range defined in the client's Investment Policy Statement. Periodic rebalancing may occur for the purpose of reallocating the account in accordance with the client-approved strategic asset allocations. Client accounts are reviewed periodically to determine if rebalancing is advisable. Cash inflows/outflows will also be deployed in a manner consistent with a client's strategic asset allocation.

Tax loss harvesting is the process of selling selected securities at a loss to help offset capital gains tax liabilities; it is typically used to limit the recognition of short-term capital gains, which are normally taxed at higher federal income tax rates than long-term capital gains. In order to take advantage of such tax losses, our Investment Advisory Agreements state that we may, without further client approval, sell investments and replace those investments with other investments within the same asset class. In general, after the required time lapse, we will return the client's investments back to the original investments, if it is advisable from a tax perspective.

### **Investment Risk**

Different types of investments involve varying degrees of risk, and no client should assume that future performance of any specific investment or investment strategy (including the investments and/or investment strategies we recommend or undertake) will be profitable or equal any specific performance levels. All investments represent some level of risk, and an investor should understand that losses can and do occur. Significant losses of invested capital are possible.

Except as noted above with Private Investment Funds (Item 4), our methods of analysis and investment strategies do not present any atypical investment risk(s). Diversification does not protect a portfolio from loss, and it should not be assumed that the broad diversification that is part

of our investment strategy will produce profitable results. Individual funds that comprise clients' portfolios may employ different strategies with different associated risks.

If a client's account has a margin feature, we may use margin for the limited purposes of either raising cash for an immediate disbursement or to facilitate investment changes so that the client remains invested in the market. Occasionally the client may also make use of the margin feature if more funds are withdrawn than there is cash available. The custodian charges interest on the margined amount at a varying rate based upon the amount borrowed. The margin feature is generally not available unless the margined securities have been held in the account for at least 30 days.

#### **Item 9: DISCIPLINARY INFORMATION**

We have not been the subject of any disciplinary actions.

#### **Item 10: OTHER FINANCIAL ACTIVITIES AND AFFILIATIONS**

We are an investment advisor registered with the U.S. Securities and Exchange Commission ("SEC").

Our affiliated company, Hewins Brokerage Services, has an application pending before the Financial Industry Regulatory Authority ("FINRA") and the SEC to register as a broker-dealer, but has not yet become a member of FINRA. Certain of our employees (including management persons) are intended to become management persons of Hewins Brokerage Services upon FINRA membership and SEC approval of Hewins Brokerage Services' registration as a broker-dealer.

Certain of our management persons are affiliated as registered representatives of broker-dealer ValMark Securities, Inc. as discussed below.

Neither we nor our representatives are registered or have applications pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or as representatives of the foregoing.

#### **Affiliated CPA-Firm: Wipfli LLP (by and through its subsidiary Wipfli Financial, LLC)**

Wipfli LLP, a certified public accounting firm headquartered in Milwaukee, Wisconsin, is a Member of Wipfli Financial, LLC, which was previously a minority Member of Hewins. Pursuant to an agreement effective December 2012, Wipfli Financial, LLC became a majority Member of Hewins.

Our clients may also be clients of Wipfli LLP. We do not receive any portion of the fees charged by Wipfli LLP for shared or referred clients. However, as one of our indirect owners, Wipfli LLP will receive a share of our profits.

To the extent that our clients specifically request accounting, tax preparation, retirement plan third-party administration, bill paying or other services offered by Wipfli LLP, we may recommend the



services of Wipfli LLP (see Item 4). Generally these services will be rendered pursuant to a separate agreement between the client and Wipfli LLP, and will require separate fees.

The share of our profits that Wipfli LLP receives may provide an incentive to partners of Wipfli LLP to refer investment advisory or financial planning work to us. Further, many of our employees are personally familiar with some of Wipfli LLP's employees as well as with the quality of the services performed by Wipfli LLP, and will have a natural predisposition to recommend Wipfli LLP for tax, accounting or other services. Our or our employees' recommendation that a client engage Wipfli LLP for services could present a conflict of interest regardless of the fact that we receive no referral fees for referrals to Wipfli LLP.

No client is under any obligation to engage the services of Wipfli LLP or any other individual or entity we recommend. For any of our referrals to Wipfli LLP, generally clients will pay the standard fees for the services charged by each firm.

#### **Broker-Dealer/Insurance Issuer Affiliations: Hewins Brokerage Services, LLC**

In September 2013 our management formed an affiliate insurance company called Hewins Brokerage Services, LLC (also referred to as the "Brokerage Firm"). In April 2014, Hewins Brokerage Services began filing for membership with FINRA and for registration with the SEC as a registered broker-dealer. The application process is ongoing. To date there has been no business conducted out of the Brokerage Firm. Upon registration as a broker-dealer and FINRA membership approval, certain of our employees and management persons will also be registered representatives of, and hold officer and principal positions in, Hewins Brokerage Services, LLC.

Hewins Brokerage Services was created primarily to offer insurance solutions to existing or potential new clients of Hewins Financial Advisors, LLC. Registered representatives of the Brokerage Firm will not be paid commissions or bonuses based on the products they sell. To the extent commissions or similar payments due from issuers, underwriters or other third parties are not paid directly to Hewins Brokerage Services, registered representatives will be contractually obligated to assign all commissions to the Brokerage Firm, eliminating any immediate compensatory incentive to sell products that are not in the best interest of the client. Nonetheless, because certain registered representatives of the Brokerage Firm are also part owners of Hewins Financial Advisors and Hewins Brokerage Services, a conflict of interest may still exist between the registered representative and our clients due to the effect the profitability of the Brokerage Firm can have on its owners' financial interests.

The Brokerage Firm's Written Supervisory Procedures, Code of Ethics and Compliance Manual are currently in development. Conflicts of interests between our clients and the Brokerage Firm's registered representatives are being taken into consideration during the drafting of these procedural and policy documents.

#### **Broker-Dealer/Insurance Issuer Affiliations: ValMark Securities, Inc.**

We are not a registered broker-dealer; we use the brokerage services of broker-dealers to execute client securities transactions. Certain of our principals and employees are also registered

representatives of ValMark Securities, Inc. ("ValMark"), CRD. No. 31243. None of our principals or employees are owners of ValMark. ValMark is a registered member of FINRA and a Securities Investors Protection Corporation ("SIPC") participant. ValMark is located at 130 Springside Drive, Suite 300, Akron, OH 44333, (800) 765-5201. ValMark and Hewins Financial Advisors are separate legal entities and are wholly independent of one another. ValMark does not supervise our investment advisory, financial planning, family office, OnCue Wealth Management Solutions™ or other services or have any responsibility for our decisions regarding the services we provide to our clients. We do not supervise or, are we otherwise responsible for, the brokerage or insurance-related services of ValMark.

Our principals and employees affiliated as registered representatives of ValMark may receive commissions or similar consideration. The receipt of commissions from the sale of a product could create a compensatory incentive to sell products not in the best interests of the client, and thus create a conflict of interest between the registered representative and our client. Once Hewins Brokerage Services, LLC is granted approval as a registered broker-dealer and FINRA membership, our employees and principals who are affiliated as registered representatives with ValMark or any other broker-dealer will be contractually obligated to assign all commission or similar compensation to Hewins Brokerage Services, LLC. Additionally, all compensation to our employees that are also registered representatives of any broker-dealer will be limited by agreement between us and the employee to salaries and bonuses derived from the fee-based services of Hewins Financial Advisors; commission generation from the sale of insurance products will not be taken into consideration in evaluating or determining our employees' bonuses. Further, to the extent commissions or similar compensation cannot be assigned to us or to Hewins Brokerage Services, LLC, the employee's compensation due for services rendered on our behalf will be reduced by the amount of any such commissions. As discussed above, an indirect conflict of interest may still exist between us and our clients to the extent a registered representative of ValMark or any other broker-dealer is also a principal of Hewins Financial Advisors and Hewins Brokerage Services on account of the principal's financial interests in the firms and the direct effect the assignment of commissions can have on the profitability of the Brokerage Firm. Further, because of the affiliation of our principals and employees with ValMark, we may be considered to have a potential conflict of interest in recommending ValMark for client transactions. However, as more fully set forth in Item 12 below and to the extent reasonable, we generally recommend that clients utilize Schwab and/or TD Ameritrade as the custodian for their securities accounts, with whom neither we nor any of our principals or employees have any affiliation.

#### **Registered Investment Advisor Affiliations: Elko Financial Services, LLC**

Elko Financial Services, LLC ("Elko") is a state-registered investment advisor based in Philadelphia, Pennsylvania. Elko is not affiliated with us, but certain of our employees are also Investment Advisor Representatives ("IARs") of Elko. Through our OnCue Wealth Management brand, we provide sub-advisory and administrative services to Elko for its benefit and the benefit of its clients pursuant to an agreement executed between us and Elko, and we are compensated for these services primarily based on a percentage of Elko's revenue. The sub-advisory agreement generally prohibits Elko from charging its clients separate or additional fees for our sub-advisory services.

Our employees who are also IARs of Elko are registered with both firms and subject to both firms'

policies and procedures. Services offered by these employees to our clients are on our behalf; services provided to Elko by our employees are provided on our behalf; and services provided to Elko's clients as IARs of Elko are offered on Elko's behalf. The sub-advisory agreement between Elko and us prohibits Elko from directly compensating its IARs who are also our employees.

#### **Non-Affiliated Financial Activities: OnCue Wealth Management Solutions**

Through our OnCue Wealth Management Solutions services, we may enter into sub-advisory, joint marketing and/or comprehensive services arrangements with CPA and/or other RIA firms (respectively, the "OnCue Clients"). As more fully set forth in Item 4 above, the primary service offering to OnCue Clients is sub-advisory or related account operations services, and pricing for these services is more fully described in Item 5 above. Except for those mentioned in this brochure, there are generally no affiliations between our OnCue Clients and us.

#### **Item 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

We maintain a policy relative to personal securities transactions of our employees. This policy is part of our overall Code of Ethics, which serves to establish a standard of business conduct for all of our employees and is based upon fundamental principles of openness, integrity, honesty and trust. A copy of our Code of Ethics is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, we also maintain and enforce written policies reasonably designed to prevent the misuse of material non-public information by Hewins or its employees.

Neither we nor any of our employees recommend, buy, or sell for client accounts securities in which we, any employee or any related entity have a material financial interest. We do not recommend that our clients purchase individual securities; therefore, there is little potential for conflicts related to personal trading.

Despite the small potential for conflict of interest, we have implemented a Personal Trading Policy to review and monitor certain personal securities transactions and securities holdings of our employees. Each quarter, all employees must submit a record of their personal securities transactions to the Chief Compliance Officer for review. In addition, our Personal Trading Policy requires that all employees provide the Chief Compliance Officer with a written report of their current securities holdings within ten (10) days of becoming a Member or an employee and at least annually thereafter.

#### **Item 12: BROKERAGE PRACTICES**

While our investment advisory clients are ultimately responsible for selecting the custodian for their investment advisory account(s), we generally recommend that they utilize Schwab or TD Ameritrade. We are not affiliated with Schwab or TD Ameritrade, but have entered into agreements

whereby Schwab or TD Ameritrade provide us with access to its institutional trading and operations services, which typically are not available to retail customers.

Factors that we consider in recommending a custodian include historical relationship with us, financial strength, reputation, execution and settlement capabilities, mutual fund and technology platform, service, pricing, and the availability of additional products and/or services. However, in certain situations, a client may pay fees that are higher than another qualified custodian might charge to effect the same transaction. In seeking best execution, the determinative factor for us is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the factors listed above. In other words, we question whether the fee is reasonable in relation to the value of the services received. Accordingly, although we will seek competitive rates, we may not necessarily obtain the lowest possible cost for client account transactions. The transaction fees charged by the designated custodian are exclusive of, and in addition to, our investment advisory fee.

We generally recommend mutual fund vehicles and Independent Managers to implement our investment strategies. Mutual funds do not trade like individual securities--they trade at a set price (Net Asset Value) at market close, so no one broker or custodian is able to achieve a better price than any other in a mutual fund trade.

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular custodian, we may receive from Schwab or TD Ameritrade (or another custodian) without cost (or at a discount) various support services which assist us in better monitoring and servicing client accounts maintained at such institutions. Some of these support services may benefit one or more of our clients directly, some may benefit our clients only indirectly, and some may benefit only us, including services and benefits intended to help us further develop our business. Included within the support services that may be provided could be pricing information, market data, software and other technology, compliance and practice management-related publications, consulting services, attendance at conferences, meetings, and other educational or social events, ability to have investment advisory fees deducted directly from clients' accounts and marketing support. Schwab or TD Ameritrade may make available, arrange and/or pay third-party vendors for various types of services rendered to us. Schwab and TD Ameritrade may discount or waive fees they would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to us. In evaluating whether to recommend that our clients custody their assets at Schwab or TD Ameritrade, we may take into account the availability of some of the forgoing products, services and other arrangements as part of the total mix of factors we consider in addition to the nature, cost or quality of the custody and brokerage services provided by the applicable custodian. This consideration can create a conflict of interest because we may be incentivized to recommend Schwab or TD Ameritrade even if utilizing Schwab or TD Ameritrade as a custodian is not in the client's best interest.

Our clients do not pay more for investment transactions effected and/or assets maintained at Schwab or TD Ameritrade as a result of these arrangements. Generally, there is no corresponding commitment by us to Schwab, TD Ameritrade or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

As part of our fiduciary duty to clients, we and our representatives will at all times endeavor to put the interests of clients first, and recommendations will only be made to the extent that they are reasonably believed to be in the best interest of clients. In addition, we periodically evaluate the transaction costs and services provided by Schwab and TD Ameritrade with other broker-dealers to evaluate whether overall best qualitative execution could be achieved by using alternative custodian(s). Importantly, the conflict presented by recommending Schwab and TD Ameritrade is disclosed to clients at the time of entering into an advisory agreement by delivery of this ADV Part 2A.

In light of the above policies, we do not believe that the receipt of such support services from Schwab or TD Ameritrade presents a material conflict of interest between us and our clients.

### **Directed Brokerage**

If a client requires that account transactions be effected through a specific broker-dealer, the client will negotiate terms and arrangements for their account with that broker-dealer, and we will not seek better execution services or prices from other broker-dealers. 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.

### **Trade Errors**

In all circumstances involving trade errors caused by us, clients are “made whole.” If the correction of the trade error caused by us results in a loss, we are responsible for that loss. If the correction of the trade error caused by us results in a gain, the gain is retained by the client.

In instances where multiple trades are corrected at the same time for the same client, we will net the results of each correction against each other. Gains received during these corrections may be used to offset losses resulting from the other corrections within the total trade error correction.

### **Trade Aggregation and IPOs**

We generally recommend mutual fund vehicles and Independent Managers to implement our investment strategies. We do not generally recommend investments in or trade individual securities as part of our investment strategy. As a result, we do not:

- Practice block trading
- Purchase or allocate IPOs.

## **Item 13: REVIEW OF ACCOUNTS**

For those clients for whom we provide investment advisory services, account reviews are conducted regularly. The client’s IAR reviews client account holdings monthly, and performance is reviewed quarterly. Quarterly reviews include evaluation of the client’s strategic target allocation.

All clients (in person or via telephone) are encouraged to review with their IAR financial planning issues (to the extent applicable), investment objectives, account performance, and any personal or financial changes on at least an annual basis.

We may also conduct account reviews upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections, mutual fund management changes and client requests.

The custodian provides detailed account statements to clients on at least a quarterly basis. These statements include all transactions for the period including details of the investment advisory fees we charge. We also provide a quarterly performance report to each client. This report contains detailed information on holdings, including current asset allocation percentages and current and historical performance data. Clients are encouraged to compare our quarterly performance reports with the account statements received from the custodian. Should there be any material discrepancy the custodian's report should be relied upon.

#### **Item 14: CLIENT REFERRALS AND OTHER COMPENSATION**

##### **Referrals from Non-Supervised Persons**

We have entered into written agreements to compensate non-supervised persons for client referrals, and may continue to do so in the future. All such written agreements are drafted to meet the requirements of Rule 206(4)-3 promulgated under the Investment Advisers Act of 1940, and generally we may terminate these agreements at any time. Compensation under these agreements is generally limited to a one-time referral fee based on a percentage of our annual fee for investment advisory services provided to the referred client. Referral fees are not charged directly or indirectly to the client. To the extent that applicable state laws require that non-supervised persons be registered with us as an IAR in order to receive compensation for client referrals, we will require the non-supervised person to be appropriately registered.

##### **Schwab Referrals**

We receive client referrals from Schwab through our participation in the Schwab Advisor Network™ (the "Network"), designed to help investors find an independent investment advisor. Schwab is a broker-dealer and custodian and is independent of and unaffiliated with us. Schwab does not supervise us and has no responsibility for our management of clients' portfolios or our other advice or services. We pay Schwab fees to receive client referrals through the Network. Our participation in the Network is not predicated on having assets at Schwab, but may nonetheless raise potential conflicts of interest as described below.

We pay Schwab: (1) a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab; or (2) a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee we pay is a percentage of the fees paid by the client to us or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. We pay Schwab the Participation Fee for so long as the referred

client's account remains in custody at Schwab. The Participation Fee is billed to us quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by us and not by the client. We have agreed not to charge clients referred through the Network fees or costs greater than the fees or costs we charge clients with similar portfolios (pursuant to our standard fee schedule) who were not referred through the Network.

We have no commitment to Schwab or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement. Our clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of this arrangement.

Please see Item 5 above for a description of the fees charged by Schwab to the client.

### **Conflict of Interest**

We may have to pay Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by Schwab, or assets in the account are transferred from Schwab, unless the client was solely responsible for the decision not to maintain custody at Schwab. This Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed in custody other than at Schwab and would be payable by us. The Non-Schwab Custody Fee is higher than the Participation Fees Hewins generally would pay in a single year. This means that we are incentivized to recommend that Network-referred client accounts remain held in custody at Schwab.

The Participation and Non-Schwab Custody Fees are based on assets in accounts of our clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, we will have incentives to encourage household members of clients referred through the Network to maintain custody of their accounts at Schwab.

In the event that we determine that Network-referred clients would be better served at a custodian other than Schwab, we will adhere to our fiduciary responsibility and place the interests of the clients first.

## **Item 15: CUSTODY**

We do not have physical custody of our clients' assets.

According to SEC regulations, we are deemed to have custody because for certain clients, we or our affiliates:

- i) Act as Trustee;
- ii) Have entered into an arrangement with the client in which we are able to withdraw funds from the client's account (including bill pay services or other withdrawals made pursuant to standing letters of client authorization); and/or
- iii) Have client-authorized access to an account with the ability to withdraw or transfer funds from the account or change the address of record on the account.



The SEC requires that firms that have custody for the reasons listed above are subject to annual surprise audits. We have complied with the requirements concerning such surprise audits and will continue to do so in the future.

We are also deemed to have technical custody over those client accounts where we are able to deduct our fees directly from the account. As long as we comply with certain regulatory requirements, this technical custody does not mandate that we undergo a surprise audit for those accounts.

Our clients receive account statements directly from the qualified custodian at least quarterly. We also send clients quarterly reports that we produce. Our reports urge the client to compare that report with the statements received from the qualified custodian. Our reports also notify the client that it is his or her responsibility to verify the accuracy of our fee and that the custodian does not perform this function. We perform quarterly testing to ensure that our fees are charged in accordance with the client's Agreement.

## **Item 16: INVESTMENT DISCRETION**

### **Discretionary and Non-Discretionary Management**

As discussed above in Item 4, our clients receiving standard investment advisory services may choose to engage us on a discretionary or non-discretionary basis. In either case, the client will sign an Investment Advisory Agreement which specifies which kind of service we will render. For both types of clients, we may rebalance the client's portfolio and perform tax-loss harvesting without specific client approval. Please see Item 8 for an explanation of Rebalancing and Tax Loss Harvesting. Key Access Services® are provided only on a discretionary basis.

For clients who retain us on a discretionary basis, the Investment Advisory Agreement grants us full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name, including but not limited to the authority to make sub-asset allocation and specific investment adjustments without seeking client approval.

With respect to our non-discretionary advisory services, we generally maintain ongoing responsibility to make recommendations based upon the needs and objectives of the client. If such recommendations are accepted by the client, we are responsible for arranging or effecting the purchase or sale. For non-discretionary clients, we may not change either the client's asset allocation or specific investments without prior approval from the client, except for tax loss harvesting and rebalancing as described in Item 8 above.

**Non-Discretionary Service Limitations:** Clients that determine to engage us on a non-discretionary investment advisory basis must be willing to accept that we cannot effect any account transactions without obtaining prior consent to each transaction from the client. Thus, in the event that we desire to make a change during a time when the client is unavailable, we will generally be unable to



effect any account transactions (as we would for our discretionary clients). This inability to trade may result in losses to the client that could otherwise have been avoided.

In order to mitigate the potential consequences of not being able to timely trade on behalf of a non-discretionary client, we have incorporated a provision into our Investment Advisory Agreement that expressly provides us with the client's general prior consent to execute transactions on behalf of the non-discretionary client when, in our professional judgment, waiting for client approval could be detrimental to the client because of market or security-specific dynamics. In these instances, the client's prior consent to effectuate a particular transaction is considered granted when:

- i) We notify the client of our recommendation in advance of effecting the recommended trade; and
- ii) We do not receive an objection to our recommendation within the timeframe established by the notice, or within seven (7) days of the date of the notice if no alternative timeframe is given.

#### **Item 17: VOTING CLIENT SECURITIES**

We have adopted a Proxy Voting Policy that provides our clients the option to either authorize Hewins to vote proxies on the client's behalf or to reserve all rights to vote proxies to the client. Clients may revoke at any time any authorization previously granted to us to vote proxies on the client's behalf. As more fully discussed below, our Proxy Voting Policy prohibits us from voting proxies in connection with certain clients, accounts and/or securities.

We acknowledge that we act as a fiduciary to our clients when voting proxies on our clients' behalf. We further acknowledge that acting as a fiduciary when voting our clients' proxies requires that we vote proxies in a timely manner and make proxy voting decisions that are in the collective best interest of our clients. Our Proxy Voting Policy sets forth certain rules and procedures that we must follow when voting proxies on behalf of our clients to ensure that we maintain our fiduciary duty and avoid entering into any conflict of interest with our clients in relation to the voting of our clients' proxies.

#### **Third-Party Service Providers**

We have entered into an agreement with Broadridge Financial Solutions, Inc. ("Broadridge") to provide a platform through which we can vote client proxies electronically. As part of our agreement with Broadridge, we have also arranged to receive the voting recommendations of Glass Lewis & Co., LLC ("Glass Lewis"), an independent corporate governance analysis and proxy voting firm. We find that Glass Lewis has generally adopted policies to provide recommendations in favor of proposals that increase shareholder value and/or shareholder rights.

#### **Voting and the Resolution of Potential Conflicts of Interest**

We will vote our clients' proxies only in the manner set forth in our Proxy Voting Policy. Clients who authorize us to vote proxies on their behalf may not direct how we vote on their behalf. In all

instances we endeavor to vote clients' proxies only in the collective best interest of all of our clients.

As set forth in our Proxy Voting Policy, we have determined that voting our clients' proxies in accordance with the recommendations of Glass Lewis is in the collective best interest of our clients, and will generally vote clients' proxies in accordance with the recommendations of Glass Lewis. Notwithstanding our determination that following Glass Lewis' recommendations is generally in our clients' collective best interest, we also believe that the inherent purpose of corporate management is to increase corporate profitability and therefore shareholder value, and that, in the absence of an independently-researched recommendation from Glass Lewis, it is in the collective best interest of our clients to vote in accordance with the recommendations of the management of the issuer. Thus, when no Glass Lewis recommendation is available for a particular proposal, we will vote client proxies in accordance with the recommendation of the management of the issuer.

We recognize that in certain instances a potential conflict of interest may arise in voting proxies on behalf of our clients. Notwithstanding any such potential conflict, we will adhere to our policy of voting proxies in accordance with Glass Lewis' recommendations, or if none, with the recommendation of the issuer's management. We believe that our retention of Glass Lewis and our adherence to our Proxy Voting Policy will ensure that proxies are voted in the collective best interest of our clients.

We will periodically review our determination that voting in accordance with Glass Lewis' recommendations is in the collective best interest of our clients by reviewing Glass Lewis' annually released Proxy Paper Guidelines, which summarize the policies by which Glass Lewis derives its proxy voting recommendations. Ultimately, our Proxy Voting Policy provides our Chief Compliance Officer with the authority to take any action necessary to ensure that we do not breach our fiduciary duty to our clients in voting proxies on their behalf.

#### **Ineligible Clients, Accounts and/or Securities**

Pursuant to our Proxy Voting Policy, we will not vote proxies in the following instances:

- For any securities held in accounts that have been restricted by the custodian or are otherwise inaccessible to us;
- For any securities that are not subject to our management, including those held in courtesy accounts;
- For any securities offered under any employee benefit plan (as that term is defined in Section 3(3) of the Employee Retirement Income Security Act of 1974) that is subject to the Employee Retirement Income Security Act of 1974 ("Employee Benefit Plan"), and in such capacity;
- For any securities held on a client's behalf by any separate account manager(s);
- For any securities for which the client has directed the custodian to send to the client or to any third party the client's proxy voting material;

- For all securities of any client who does not consent to Hewins voting proxies on his or her behalf;
- For any other securities that we determine are ineligible. We will provide applicable clients notice of any cause for ineligibility under this provision; and/or
- In any instance in which we determine that voting proxies on behalf of its clients would cause us to breach our fiduciary duty to any of our clients.

Clients who have ineligible securities as set forth above shall be responsible for: (i) voting all proxies which are solicited in connection with all of their ineligible securities; and (ii) making all elections in connection with any mergers, acquisitions, bankruptcy proceedings or other similar occurrences which may affect such securities. Clients who do not consent to Hewins voting proxies on their behalf, who themselves are ineligible, or who otherwise have ineligible securities as set forth above shall direct their custodian(s) to send proxy voting and other shareholder material for all such ineligible securities to the client and/or any third party designated by the client. We will forward to the applicable client all proxy voting or other shareholder material we inadvertently receive for any ineligible security.

Employee Benefit Plans and plan participants of Employee Benefit Plans should refer to the applicable Employee Benefit Plan/trust agreement to determine proxy voting responsibilities for securities offered under any Employee Benefit Plan.

#### **Obtaining Information on Hewins' Proxy Voting**

Our clients may obtain a copy of our Proxy Voting Policy as well as certain proxy voting records, including information on votes cast on behalf of our clients, by requesting such documents from our Chief Compliance Officer at the address or phone number presented on the title page of this Brochure.

### **Item 18: FINANCIAL INFORMATION**

We do not solicit fees of more than \$1,200 per client six months or more in advance.

We are unaware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments relating to our discretionary authority over certain client accounts.

We have not been the subject of a bankruptcy petition.

ANY QUESTIONS: Our Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above disclosures, conflicts of interest and other arrangements.