



Horace Mann Investors, Inc.
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This brochure provides information about the qualifications and business practices of Horace Mann Investors, Inc. If you have any questions regarding the contents of this brochure or would like to request a copy, please contact Jason Rives, Director, RIA & Brokerage Compliance at (217) 788-8527 or via e-mail at ria@horacemann.com.

At any time, a person may view the current brochure on-line at the United States Securities and Exchange Commission's Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov. Select "Investment Adviser Search" in the left navigation menu. Select "Firm" and enter 11643 (CRD number for Horace Mann Investors, Inc.) in the field labeled "Firm Name or CRD# or SEC#". This will provide access to Form ADV Part 1 and Part 2A.

Registration of an investment adviser does not imply any level of skill or training. The oral and written communications distributed by Horace Mann Investors, Inc. provide you with information to assist you in determining whether to hire Horace Mann Investors, Inc. as your investment adviser.

The information in this brochure has not been approved or verified by the Securities and Exchange Commission or by any state securities authority.

Item 2- Summary of Material Changes

The Securities and Exchange Commission ("SEC") defines "material information" as, "any information pertaining to a particular business that might be relevant to an investor's decision to purchase, sell or hold a security." As a fiduciary, Horace Mann Investors, Inc. ("HMI") will notify you of any change to information that meets the definition of being material in this section of our ADV Part 2A, also known as the "Disclosure Brochure."

This is the initial filing of the Disclosure Brochure for HMI. This filing does not replace a previously dated filing. As a result, changes to any information considered material to HMI's business have not occurred during this period.

At this time, HMI has not entered into any Investment Management Agreement with any client. HMI may, at any time, update this Disclosure Brochure. A copy of the Disclosure Brochure or an offer to send a copy (either by electronic means (e-mail) or in hard copy form) may be sent if a material change occurs in the future.

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Item 4 – Advisory Business

COMPANY HISTORY

HMII is a corporation organized in the State of Maryland. HMII serves the teachers, administrators, school business officials and support personnel who make up the educational community. HMII was approved for registration as a broker dealer by the SEC on September 9, 1957 and was registered with the National Association of Securities Dealers (“NASD”) on April 8, 1983. HMII is dedicated to helping provide lifelong financial well-being for educators and their families through personalized service and a full range of tailored financial products. With the addition of financial advisory services, we will offer a full spectrum of amenities to help educators make the most of their future.

HMII is a wholly-owned subsidiary of Horace Mann Educators Corporation (NYSE: HMN), a publicly held company. The terms “Client,” “you,” and “your” are used throughout this document to refer to person(s) or organizations who contract with us for the services described within this Disclosure Brochure. “HMII,” “we,” “our,” and “us” refer to Horace Mann Investors, Inc.

Our philosophy can be summarized by a series of beliefs every HMII registered representative (“RR”), investment advisor representative (“IAR”) and associate shares:

- We believe educators are taking care of our children’s future, and we need to take care of their future.
- We believe peace of mind should be available to every educator.
- We believe in respect; we treat others as we would like to be treated.
- We believe we can help advise and educate the educator.
- We believe in helping educators through a lifetime of changing needs.
- We believe we are uniquely qualified to do all of this because we were Founded by Educators for Educators®.

GOAL-BASED INVESTMENT MANAGEMENT SERVICES

HMII manages the financial assets of individuals, high net worth individuals, families, trusts, and small businesses. Its IARs offer investment management services to Clients that include access to the model portfolios of a third party investment advisory (“TPIA”) firm. Through a personal discussion with the Client and the use of goal-based financial planning software, the IAR will assist the Client in determining the appropriate model portfolio to meet the Client’s goals, risk tolerance and guidelines.

As part of our goal-based investment management services, HMII will recommend the use of the TPIA who will serve as a sub-advisor to our Clients. HMII will review and select a series of model portfolios offered by the TPIA that covers an appropriate spectrum of asset allocations for Clients. In the Investment Management Agreement between HMII and a Client, the Client will grant authorization to HMII to delegate discretionary authority to the TPIA. After gathering information about a Client’s financial situation, objectives and other relevant information (the “Client Profile”) and utilizing the goal-based software, the Client’s IAR will make a recommendation regarding an appropriate model portfolio in line with the Client’s risk tolerance and goals. A Client’s brokerage accounts (“Accounts”) will be maintained with a custodian (“Custodian”) not affiliated with HMII.

The TPIA will provide financial advisory and related support services to HMII on the Client’s behalf, including model portfolio management and monitoring, client fee billing, and access to the goal-based financial planning software. These services are provided through a sub-advisory agreement between HMII and the TPIA. HMII, as fiduciary, maintains sole responsibility for determining the appropriateness of any model portfolio allocation selected by the Client.

HMII services will revolve around comprehensive, personalized goal-based financial planning software and investment management services made available to Clients through the Client's IAR. HMII will review and analyze the information provided by a Client to develop an investment proposal designed to help Clients achieve their stated financial goals. This service includes the use of simulation analysis to help Clients evaluate the funded status of a financial plan in measurable confidence terms. A Client's confidence level is reflected by the percentage of simulations with successful outcomes as a measure of whether the Client is likely to meet or exceed his/her selected set of goals.

Item 5 – Fees and Compensation

HMII will provide initial consulting, goal-based investment management services, and portfolio monitoring for its Client Accounts as outlined by the individual Investment Management Agreement with the Client. The TPIA will provide ongoing investment advisory and support services for HMII Client's Accounts. The asset-based investment advisory fee ("Advisory Fee") structure is based upon an annual percentage of assets under management that will not exceed 2.25% per annum. The Advisory Fee structure is assessed on a tiered asset basis as follows:

<u>Aggregate Account Value</u>	<u>Annualized Advisory Fee</u>
First \$500,000	2.25%
Next \$500,000	1.75%
Next \$4,000,000	1.25%
Over \$5,000,000	1.00%

Unless otherwise indicated, Advisory Fees are calculated on a tiered pricing schedule. For example, an account valued at \$700,000 would be charged under the standard pricing schedule as follows (sample):

First \$500,000 in assets charged at 2.25%	= \$14,750 annualized fee	(2.11% annualized rate)
Next \$200,000 in assets charged at 1.75%		

The specific manner in which fees are charged and how much is charged by HMII is established in a Client's written Investment Management Agreement. The Advisory Fee is billed quarterly in advance. When an Account is opened, the Advisory Fee is billed for the remainder of the current billing period, and is based on the initial contribution. Thereafter, the quarterly Advisory Fee is based on the Account value as of the last business day of the previous calendar quarter, and becomes due the business day following the last business day of the previous calendar quarter. If cash, securities, or a combination thereof amounting to at least \$100,000 are deposited to or withdrawn from the Account on an individual business day in the first two months of the quarter, the Client authorizes the Custodian to (i) assess Advisory Fees to the deposited assets based on the value of the assets on the date of deposit for the *pro rata* number of days remaining in the quarter, or (ii) refund prepaid Advisory Fees based on the value of the assets on the date of withdrawal for the *pro rata* number of days remaining in the quarter. No additional Advisory Fees or adjustment to previously assessed Advisory Fees will be made in connection with deposits or withdrawals that occur during the last month of the quarter unless requested by the Client.

For Example: If an account had a balance of \$50,000 on March 31, the last business day of the first quarter:

$$\text{\$50,000} \times 2.25\% \text{ (annual Advisory Fee)} \times 91 \text{ (total number of days in April, May, and June)} / 365 \text{ (total number days in the year)} = \text{\$280.48 Quarterly Advance Fee}$$

HMII may offer discounted Advisory Fees at its discretion.

The Client will authorize the Custodian to debit Advisory Fees directly from the Client's Accounts held by the qualified Custodian. Further, the qualified Custodian agrees to deliver an account statement at least quarterly directly to the Client indicating all the amounts deducted from the Account, including all Advisory Fees and

custodial fees. Clients are encouraged to review their account statements for accuracy. HMII will receive a duplicate copy of the Custodian's statement that is delivered to Clients.

All Advisory Fees are inclusive of all execution charges except certain dealer-markups and odd lot differentials, taxes, exchange fees and any other charges imposed by law with regard to any transactions in the Client's Accounts. Mutual funds and exchange traded funds all charge internal management fees and other expenses, which are disclosed in the prospectus or equivalent disclosure document and are directly deducted from the value of the investment vehicles. The risks associated with using exchange traded products are stated in Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss -- later in this brochure. To the extent that the Custodian may receive 12b-1 fees or other sales charges and commissions from mutual funds or exchange traded funds, Clients will receive a credit to their Account in an amount equal to such fees received from the funds held in a Client's Account.

Item 6 – Performance-Based Fees and Side-By-Side Management

HMII will not charge performance-based fees based on a share of capital gains or capital appreciation of the Client assets. As such, there are no conflicts of interest to disclose at this time.

Item 7 – Types of Clients

HMII offers goal-based investment management services for individuals, high net worth individuals, families, trusts, and small businesses. Our typical Clients are teachers, administrators, school business officials and support personnel who make up the educational community as well as their spouses. Our Clients are experienced and comfortable with saving and investing for their retirement and their family's future. They may also be trustees acting on behalf of the trust for an organization they represent, or business owners looking for an advisory group to assist them in making prudent investment decisions.

There generally is a minimum investment of \$50,000 for all Accounts, although HMII may negotiate with the TPIA a lower minimum initial investment for all Clients. Clients should understand that for such Accounts, a higher asset-based management fee may be imposed.

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

METHODS OF INVESTMENT ANALYSIS & PORTFOLIO SELECTION

HMII will rely on the portfolio management services provided by the TPIA regarding the due diligence and selection of the underlying investments utilized in its recommended model portfolios created for a Client. When considering a TPIA and the investment strategies offered, HMII will review the TPIA's ownership, regulatory profile, assets, people, investment process, returns, risk characteristics and behavior, historical ability to produce skill-based alpha, and cost-effectiveness.

Any TPIA engaged by HMII is considered a sub-advisor to HMII Clients. All TPIAs to which HMII refers Clients will be registered as investment advisers by their state regulator or the SEC. The model portfolios offered have account minimum requirements, negotiated by the HMII and the TPIA. HMII will provide Clients with a complete description of each of the TPIA's model portfolios to assist in the selection process. Ultimately, it is the Client that decides the most appropriate portfolio to meet his/her individual objectives.

To formulate the model portfolio that will be used in a Client's Accounts, the Client's IAR will provide account setup and maintenance while the TPIA will provide the investment management. Generally, the selection process is broken down into two parts. The IAR will:

1. Perform an in-depth review of a Client's financial circumstances. This may include a review of existing Client accounts, pension accounts, rental income, revenue stream, etc.;
2. Assist the Client in developing the Client's financial and life goals. Client goals may include goals for retirement spending, retirement age, college savings plans, etc.;
3. Assist the Client in determining how the Client's risk allocation impacts those goals;
4. Assist the Client in selecting the model portfolio.

Then, based on the information provided by the IAR, the selected TPIA will:

- A. Make available an appropriate portfolio based upon the Client Profile;
- B. Invest and reinvest the assets of the Account in the best interest of the Client to achieve the designated investment goals and risk tolerance; and,
- C. Annually, or periodically as needed, rebalance the portfolio to keep the Client's Accounts on target.

Once the portfolio has been selected, and the Account established, the IAR will:

1. Perform ongoing monitoring of the portfolio, including updating the Client Profile (items 1-3 above);
2. Review the investment strategy during consultation with the Client.

Clients may impose investment restrictions on their Accounts by providing HMII with written or otherwise documented instructions at any time. Any such instruction will be shared with the TPIA. However, the TPIA has trading discretion over the Client's Accounts and may trade at will if deemed appropriate to meet the Client's goals or risk tolerance. Always keep in mind, that every Client has the right to direct the Client's own Account(s) to achieve the Client's desired goals.

GOAL-BASED FINANCIAL PLANNING SOFTWARE

A component of HMII's advisory services may revolve around the comprehensive and personalized goal-based financial planning software and investment management services offered by HMII. This software includes the use of simulation analysis of uncertain capital markets to help Clients evaluate the funded status of his/her goals in measurable confidence terms. A Client's confidence level is reflected by the percentage of simulations with successful outcomes - that is, outcomes that meet or exceed the Client's selected set of goals. HMII's ongoing services, utilizing the TPIA's goal-based financial planning software, are used to help direct changes in portfolio risk and a Client's goal package to stay within the confidence level throughout their lifetime. **However, we cannot, and do not, guarantee to any Client that all possible goals can be achieved.**

RISK OF LOSS & GENERAL INVESTMENT RISK

SECURITIES INVESTMENTS ARE NOT GUARANTEED AND YOU MAY LOSE MONEY ON YOUR INVESTMENTS. YOU SHOULD WORK WITH YOUR IAR TO HELP THE IAR UNDERSTAND YOUR TOLERANCE FOR RISK.

All investment strategies inherently expose Clients to various types and varying degrees of risk. Below are some of the more common types of risk associated with investing:

- **Political Risks.** Most investments have a global component, including domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.

- **General Market Risks.** Markets can, as a whole, go up or down depending on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without apparent reason, and may take some time to recover any lost value. Investing in additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.

- **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.

- **Derivatives Risk.** Investments in futures and options are considered "derivative" investments. A small investment in derivatives could have a potentially large impact on performance. The use of derivatives involves risks different from or possibly greater than the risks associated with investing directly in the underlying assets. Derivatives can be highly volatile, illiquid and difficult to value. There is also the risk that the hedging technique will fail if changes in the value of a derivative held do not correlate with the portfolio securities being hedged.

- **Regulatory Risk.** Changes in laws and regulations within any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.

- **Risks Related to Investment Term.** If a Client requires a liquidation of the Client's portfolio during a period in which the price of the security is low, the Client may not realize as much value as they might have, had the investment had the opportunity to regain its value (as investments frequently do), or had it been able to be reinvested in another security.

- **Purchasing Power Risk.** Purchasing power risk is the possibility that the value of assets or income will decrease as inflation shrinks the purchasing power of a currency. Inflation causes money to decrease in value at some rate, and your investment may not have the same purchasing power as when you made your original investment. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.

- **Business Risk.** Many investments, including many index funds and target-date funds, contain interests in operating businesses. Business risks are risks 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. For example, Treasury Bills are highly liquid, while real estate properties are not. Some securities are highly liquid while others are not. Illiquid investments carry more risk because it can be difficult to sell them.

- **Financial Risk.** Many investments, including many index funds and target-date funds, contain interests in operating businesses. Excessive borrowing to finance a business' operations decreases 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.

- **Default Risk.** This risk pertains to the ability of a company to service its debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk, but the principal and accumulated interest of corporate and other types of debt obligations are subject to default risk.

EXCHANGE TRADED PRODUCTS

Exchange Traded Products (“ETPs”) are types of securities that derive their value from a basket of securities such as stocks, bonds, or commodities; or will mirror specific indices. These securities trade intra-day on a national securities exchange. Generally, ETPs take the form of Exchange Traded Funds (“ETFs”) or Exchange Traded Notes (“ETNs”). ETFs are open-end investment companies or unit investment trusts (“UITs”) whose shares represent an interest in a portfolio of securities. ETNs are senior unsecured debt obligations of an issuer, typically a bank or another financial institution; however, ETNs are not categorized as typical fixed income products. ETFs are subject to market risk, including the possible loss of principal. The value of the portfolio will fluctuate with the value of the underlying securities. ETFs trade like a stock. ETFs may trade for less than their net asset value. **Investors should consider an ETP's investment objective, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other important information, is available from your IAR and should be read carefully before investing.**

The specific risks associated with a particular ETP are detailed in the fund's prospectus. Additional risks may include adverse market condition risks, investment strategy risk, aggressive investment techniques risk, concentration risk, correlation risk, counterparty risk, credit risk, lower-quality debt securities risk, energy securities risk, equity securities risk, financial services companies risks, interest rate risk, inverse correlation risk, leverage risk, market risk, non-diversification risk, shorting risk, small and mid-cap company risk, tracking error risk, and special risks of ETFs, among others.

For more information on how our TPIAs determine the investment strategy for the portfolio, or their methods of investment analysis, please refer to their respective ADV Part 2A brochure..

Item 9 – Disciplinary Information

HMII, as a registered investment adviser, does not have any legal, financial or other “disciplinary” item to report. However, HMII, as a limited purpose broker/dealer and member of the Financial Industry Regulatory Authority (“FINRA”) has two regulatory findings that have occurred in the last ten years. The findings are both related to a failure to submit or update a Form U4 in a timely manner.

HMII is obligated to disclose any disciplinary event that would be material to a Client or prospective Client when evaluating whether to initiate a client/adviser relationship, or to continue a client/adviser relationship with HMII. This applies to all individuals registered with HMII.

For disciplinary information regarding our TPIAs, please refer to their disclosure brochure for more information.

Item 10 - Other Financial Industry Activities and Affiliations

HMII has been registered as a broker/dealer with the SEC since 1957 and with the NASD (now FINRA) since 1983. As a broker/dealer, HMII provides three types of business services: mutual fund retailer, municipals security dealer, and the sale of variable life insurance and variable annuities. HMII also acts as an introducing broker to a variety of mutual fund companies. HMII is in the process of submitting a Continuing Membership Application with FINRA to expand its broker/dealer services to include unsolicited equity transactions for clients.

Most of HMII’s management personnel and associated persons (except for clerical personnel) are also RRs of HMII.

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

The IARs of HMII have committed to a Code of Ethics that establishes a high standard of integrity and professional ethics in conducting business with HMII's Clients and business vendors. All IARs are required to review and sign a formal Code of Ethics adopted to comply with SEC Rule 204(a)-1 under the Investment Advisers Act of 1940, no less than annually. Failure to complete the annual Attestation Statement may result in disciplinary action up to and including termination.

HMII's Code of Ethics requires that all IARs 1) conduct all dealings with customers, employees, shareholders and suppliers with honesty and fairness; 2) foster an environment of fair treatment and equal opportunity; 3) comply with applicable laws, regulations, Code of Ethics, and other HMII policies; 4) handle and record transactions accurately, completely and on a timely basis; 5) safeguard the reputation, assets and information of HMII; 6) never intentionally misuse the assets or information of HMII or its customers; and 7) avoid the appearance of misconduct or impropriety.

All IARs are responsible for ensuring compliance with this Code of Ethics.

HMII does not have proprietary trading accounts. However, it is possible that an IAR could hold a security also held in a recommended model portfolio. In addition, it should be noted that some IARs may be considered clients of HMII and will have the ability to participate in many of the same model portfolios that are available to Clients. HMII does not feel this presents a conflict of interest, as IAR accounts managed by HMII and subsequently, the TPIA, will typically be rebalanced under the TPIA's discretion.

Advisory Clients or prospective Clients may request a copy of HMII's Code of Ethics by sending a request by e-mail to ria@horacemann.com.

For details on any conflicts of interest or the Code of Ethics for any of our TPIAs, please refer to their respective disclosure brochure.

Item 12 - Brokerage Practices

HMII will recommend to its Clients a preferred Custodian who will be a securities broker/dealer and a member of FINRA and the Securities Investor Protection Corporation ("SIPC"). A Custodian will be selected based upon its quality of execution services, competitive prices and reputation in the industry. The primary factors that determine HMII's recommending a Custodian to a Client are, in no specific order; 1) commission cost; 2) automation and technology; 3) services provided for independent RIAs; 4) proper registration with FINRA; and 5) execution capabilities. HMII will be not affiliated with any preferred Custodian.

A Client is not obligated to use any recommended Custodian. In circumstances where a Client wants to remain with the Client's current Custodian who is not a preferred Custodian of HMII, HMII will not provide advisory services to the Client.

RESEARCH AND OTHER SOFT DOLLAR BENEFITS

HMII's advisory business does not have any formal or informal arrangements or commitments to obtain any research or research-related products or services on a soft-dollar basis. However, due to the institutional relationships HMII has with its preferred Custodian, we do receive services that assist HMII in managing and administering Clients' Accounts. These services may include software and other technology that (i) provide access to Client data; (ii) facilitate trade execution and allocate aggregated trade orders for multiple Client Accounts; (iii)

provide research, pricing and other market data; (iv) facilitate payment of fees from its Client Accounts; (v) provide goal-based financial planning software and other investment management tools; and (vi) assist with back-office functions, recordkeeping and Client reporting. Additionally, a preferred Custodian may provide third party research, publications, access to educational conferences, roundtables and webinars or practice management resources.

BROKERAGE FOR CLIENT REFERRALS

Generally speaking, HMII does not receive Client referrals from a preferred Custodian in exchange for placing Client assets with the Custodian. However, should we receive such a referral, HMII would not necessarily recommend that a Client leave or remain with a certain Custodian.

CLIENT DIRECTED BROKERAGE

HMII does not anticipate pursuing Client relationships in which the Client holds the Client's Accounts with a custodian other than a HMII preferred Custodian. All advisory Clients of HMII should understand that any Custodian recommendation made by HMII is a conflict of interest, as HMII anticipates continual operational relationships with the Custodian that we recommend.

TRADE AGGREGATION

Transactions for each Client Account generally will be executed independently unless the TPIA decides to purchase or sell the same securities for several Clients at approximately the same time. The TPIA may, but is not obligated to, combine or "batch" such orders in an effort to obtain best execution or to allocate equitably among Clients differences in prices and prices that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price, and will be allocated among Clients in proportion to the purchase and sale orders placed for each Client Account on any given day. If execution of all the combined orders cannot be obtained at prices that are believed to be desirable, the TPIA will allocate the securities that it does buy or sell as part of the combined orders by following the TPIA's order allocation procedures.

Item 13 – Review of Accounts

ACCOUNT REVIEW

Client Account reviews are conducted by IARs of HMII on a regular basis, but no less frequently than annually. A written report on the review will be maintained in HMII's books and records. Changes in a Client's situation, such as investment goals, employment status, financial position, unusual economic events, individual developments such as marriage, divorce or death or any material change in the Client's Profile may trigger an additional review.

When reviewing the Account's performance, IARs are guided by the investment objective and risk tolerance of the Client. Based on the analysis, Client Accounts will typically be allocated to a single portfolio asset allocation classified under one of the following investment objectives:

Preservation of Capital: An investment strategy that seeks to preserve assets and minimize risk. Risk is low.

Income: An investment strategy that seeks dividends and interest to create income. Risk is moderate.

Growth and Income: An investment strategy that seeks capital appreciation, but also seeks to use dividends and interest as a source of income. Risk is average.

Growth: An investment strategy that seeks appreciation of the initial investment. Risks are generally higher.

Aggressive Growth: An investment strategy that seeks high returns through use of aggressive and risky investments. Risk is highest.

GOAL-BASED INVESTMENT MANAGEMENT SERVICES - STATUS REVIEW

For Clients receiving goal-based investment management services, each Client's IAR will initiate a review and update the Client's financial goals on at least an annual basis, to determine any changes in the Client's financial situation and objectives. Additional reviews may be initiated for several reasons, including 1) due to changes in a Client's priorities, 2) upon request by the Client, 3) whenever the IAR considers an update and review is in the Client's best interest, 4) a material change in circumstances for the Client or 5) should the Client's portfolio fall materially in its confidence level. Although the IAR will, at least annually, contact the Client to determine whether there have been any changes to the Client's financial situation, investment objectives or any changes that would otherwise affect the Client's Accounts, the Client is solely responsible for informing their IAR in writing of any change in the information provided in the Client's Profile.

REGULAR REPORTS

Clients, at a minimum, will receive quarterly statements from the Custodian for each Account held by the Custodian. In addition to brokerage statements, Clients will be provided quarterly performance reports summarizing market activity, contributions and withdrawals, asset allocation and the time-weighted portfolio performance. The quarterly performance report, compiled by the TPIA, is prepared solely for information purposes and is not an official record of Clients' Accounts.

Item 14 - Client Referrals and Other Compensation

HMII and its IARs do not receive any sales awards or prizes as compensation from non-Clients for providing investment advice or other advisory services to its Clients. The receipt of such compensation would be a violation of HMII's Code of Ethics.

As a matter of policy and practice, HMII does not compensate any third party persons, either individuals or entities, for the referral of advisory Clients to HMII unless a formal solicitor's agreement has been entered into with the third party. If required by the solicitor's state of residence, the solicitor will be a registered investment adviser or representative of one. The solicitor receives either a portion of the Advisory Fee collected by HMII or a flat fee for each solicitation. In either case, a solicitor's arrangement does not cause an increase in Advisory Fees in order to compensate a solicitor.

Item 15 - Custody

Client Accounts must be maintained with a third party Custodian. HMII will not maintain custody of Clients' funds or securities. The calculation and withdrawal of the Advisory Fees will be performed by the Custodian. HMII is not responsible for any errors made by the Custodian.

Clients will receive monthly statements for each Account held by a Custodian. If the Client's Account has no activity, the Custodian will, at a minimum, provide a quarterly statement. The Custodian's statement will include information about the assets held in the Account, the current value of each asset as well as reflect the deduction of any fees from the Client's Account. Clients are encouraged to review their statements for discrepancies. HMII will receive duplicate copies of the Custodian's statements.

Item 16 - Investment Discretion

HMII will assist the Client in selecting the TPIA for investment management. As a result, the Client, through the Investment Management Agreement, will authorize HMII to delegate discretionary authority to the selected TPIA. In turn, the TPIA assumes all investment duties with respect to assets held in the Client's Account and all investment powers, including sole investment authority with respect to such assets. The TPIA will invest and reinvest the assets of the Client's Account in such mutual funds or ETFs as it deems is in the best interest of Client in order to achieve the Client's stated goals.

In addition, the TPIA may take any action or non-action as it deems appropriate, with or without further consent or authority from the Client, and may exercise its discretion and deal in and with such assets exactly as fully and freely as the Client might do as owner. Furthermore, the TPIA is free to sell securities in the Account without regard for the length of time they have been held or the gain or loss that may be realized.

The TPIA is free to make investment changes without regard for the resulting rate of portfolio turn-over, when it, in its sole discretion, determines that such changes will promote the investment objective of the Client. Clients should further understand that any securities used to fund an Account, or that are later deposited into an Account, may be sold, thus creating a capital gain or loss depending on the Client's costs basis in the securities. Clients should consult with their tax advisor for advice on the tax implications of such transactions.

Clients are the only party authorized to withdraw any money, securities or other property, either in the name of the Client or otherwise. The Client may authorize the withdrawal of funds by written instruction to the Custodian. If written instruction is received by the Client's IAR, the request will be forwarded to the Custodian for processing. HMII and the TPIA have no authority to disburse funds from Client Accounts. The Client will authorize the Custodian to deduct and pay Advisory Fees from the Account as per the Investment Management Agreement.

Item 17 - Voting Client Securities

If the security or property held in a Client's Account is accompanied by voting rights, the Client has the right to retain the authority to exercise such voting rights or delegate such voting rights to a third party, as the Client may choose. Unless otherwise indicated by the Client, the TPIA of record shall exercise such voting rights in the manner it deems appropriate.

HMII and the TPIA have no responsibility to exercise voting rights for securities for which the proxy materials are not available, and have no responsibility to exercise investment duties with respect to assets that have not been deposited in the Client's Account. The TPIA will not be obligated to render any advice or take any action on the Client's behalf with respect to securities held in the Client's Account, or the issuers thereof, which become the subject of any legal proceedings including bankruptcies and shareholder litigation. The right to take any actions with respect to legal proceedings, including without limitation bankruptcies and shareholder litigation, and the right to initiate or pursue any legal proceedings with respect to securities held in the Client's Account shall be expressly reserved to the Client. The Client will not be obligated to join other parties as a condition precedent to initiating such a proceeding.

A complete copy of this proxy voting policy is found in the Investment Management Agreement. For a Client who has retained voting rights, if the Client has a question regarding a proxy notice that the Client has received, the Client should consult with the Client's IAR or with HMII Compliance to review the content of the proxy. However, the decision as to how to vote a proxy will remain with the Client.

Item 18 - Financial Information

Under certain circumstances, registered investment advisers are required in this Item to provide certain financial information or disclosures about their financial condition. HMII does not serve as a custodian for Client funds or securities and does not require prepayment of fees greater than \$1,200 per Client more than six months in advance. As such, no information is provided in response to Item 18.

Item 19 – Requirements for State Registered Advisers

As HMII's application is seeking approval as a federally-registered investment adviser, this item is not applicable.