

Item 1 – Cover Page  
**FORM ADV PART 2A**

**Hammond Iles Investment Management  
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www.hammondiles.com**

**January 2015**

**This brochure provides information about the qualifications and business practices of Kelly Financial Group, LLC operating under a business name of Hammond Iles Investment Management. If you have any questions about the contents of this Brochure, please contact us at (860) 258-2600 or (800) 416-1655 and/or [ghammond@hammondiles.com](mailto:ghammond@hammondiles.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Kelly Financial Group, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Kelly Financial Group, LLC is 136372.**

**Any references to Kelly Financial Group, LLC (using the name Hammond Iles Investment Management) as a registered investment adviser or its related persons as registered advisory representatives does not imply a certain level of skill or training.**

## Item 2 - MATERIAL CHANGES

January 2015

Item 4 – Amended discretionary assets under management from \$132,600,000 as of December 31, 2013 to \$157,386,000 as of December 31, 2014.

September 2014

Item 5 – Under the heading General Information amended disclosure about compensation for investment research.

Item 14 – Added disclosure that the fee paid to a solicitor can be an agreed upon percentage of HIIM's advisory fee or a flat fee that may be one time or for a specified period of time.

April 1, 2014

Item 5. A added the following disclosure under the fee schedule for clarification purposes. Fees are determined based on the managed assets of the household.

Item 5.C. – Added the following disclosure.

The broker/dealer through which transactions are directed offers various mutual funds with no transaction costs. However, mutual funds purchased with no transaction costs will have a holding period requirement or a short term redemption fee will be assessed to the client. The holding period will vary depending on the mutual fund and will range from 30 days to 90 days.

Item 10 B-C – Added the following disclosure

Kelly Financial Group, LLC is licensed as an insurance producer for various fixed insurance products. Certain supervised persons of HIIM are insurance agents and offer insurance products for a commission. Clients are under no obligation to purchase insurance products through supervised persons and are encouraged to obtain quotes and comparisons from other insurance professionals.

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At least annually, this section will discuss only specific material changes that are made to the Brochure and provide you with a summary of such changes. Additionally, reference to the date of the last annual update to this Brochure will be provided.

The material changes discussed above are only those changes that have been made to this brochure since the firm's last annual update of the brochure. The date of the last annual update of the brochure was January 30, 2015.

In the past, we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our fiscal year, which is December 31st. We may further provide other ongoing disclosure information about material changes as necessary.

## Hammond Iles Investment Management

Additionally, we will further provide you with a new brochure as necessary based on change or new information, at any time, without charge.

Our brochure may be requested free of charge by contacting Greg Hammond at (860) 258-2600 or (800) 416-1655 and/or [ghammond@hammondiles.com](mailto:ghammond@hammondiles.com). Additional information about Kelly Financial Group, LLC is also available via the SEC's website [www.adviser.sec.gov](http://www.adviser.sec.gov). The website also provides information about any persons affiliated with Kelly Financial Group, LLC who are registered, or are required to be registered, as investment adviser representatives of Kelly Financial Group, LLC.

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#### **Item 4 - ADVISORY BUSINESS**

Hammond Iles Investment Management (hereinafter referred to as “HIIM”) offers a variety of advisory services customized to your individual needs.

- A. Kelly Financial Group, LLC was established in 2001. R. Gregory Hammond is the Managing Member and primary owner. Scott Iles is the Vice President and secondary owner. Additional business information about Greg and Scott is disclosed on the Supplemental Brochures attached to this Brochure.

#### **B. Dynamic Portfolio Management Program**

HIIM offers asset management services whereby HIIM will manage your account on a discretionary basis based upon your individual investment goals, objectives, risk tolerance, and investment time horizon. The objective of HIIM’s management services is wealth preservation with growth. The goal is to position portfolios for long-term growth and shift into a preservation strategy during uncertain economic conditions. The services include the following:

- a. Investor Profile – HIIM consults with the client to obtain detailed financial information and other pertinent data using an investor profile worksheet to enable HIIM to determine the appropriate investment guidelines, risk tolerance and other factors that will assist in ascertaining the suitability of the account.
- b. Portfolio Management Selection – HIIM provides asset management of your funds. HIIM diversifies and manages your portfolio. Investments are determined based upon your investment objectives, risk tolerance, net worth, net income and other various suitability factors. HIIM manages your account on an individualized basis. You may impose restrictions and guidelines which may affect the composition and performance of your portfolios. For these reasons, performance of portfolios within the same investment objective may differ and you should not expect the performance of your portfolio to be identical to the average client of HIIM.
- c. Performance Evaluation and Monitoring Services – Account reports will be provided to you on a monthly or quarterly basis by the account custodian.

Upon completing its analysis of your situation, HIIM will determine an asset allocation customized to your financial goals, objectives and risk tolerance. HIIM has designed various model portfolios. HIIM will determine which of its model portfolios would be most suitable for you. From there, HIIM customizes your portfolio allocation taking into consideration your limitations or restrictions, the market and economy at the time and your financial situation, goals and objectives.

HIIM will provide continuous and ongoing management of your account. Unless otherwise expressly requested by you, HIIM will manage your account on a discretionary basis and will make changes to the allocation as deemed appropriate by HIIM. HIIM will determine the

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securities to be purchased and sold in the account and will alter the securities holdings from time to time, without prior consultation with you. HIIM may actively trade securities and hold such holdings for periods of 30 days or less or maintain positions for longer or shorter term periods. Discretionary authority will be granted by you to HIIM by execution of the Client Agreement.

If you elect to have your accounts managed on a non-discretionary basis, no changes will be made to the allocation of your account without prior consultation with you and your expressed agreement. If you elect to have your accounts managed on a nondiscretionary basis, you are advised your account is subject to certain risks. Risks may include but not be limited to, the risk of missing market opportunities or the risk of HIIM not being able to move out of the market in a timely manner until your prior authorization has been obtained before any buy, sell or exchange. Therefore, the performance of nondiscretionary accounts may fluctuate from those accounts managed on a discretionary basis. Further, the costs associated with non-discretionary accounts may be higher since non-discretionary accounts may not participate in aggregated transaction orders.

HIIM primarily uses open-ended, no-load and load waived mutual funds purchased at net asset value (NAV) and exchange traded funds (ETFs). Additionally, for clients where HIIM deems appropriate closed-end funds and fixed income securities, such as corporate and municipal bonds, may be utilized.

Transactions in the account, account reallocations and rebalancing may trigger a taxable event, with the exception of IRA accounts, 403(b) accounts and other qualified retirement accounts.

### **General Information**

In addition to the services described above, HIIM sells its research to other financial professionals. HIIM receives compensation for selling its research as described under Item 5.

Investment recommendations and advice offered by HIIM are not legal advice or accounting advice. You should coordinate and discuss the impact of financial advice with your attorney and/or accountant. You are advised that it is necessary to inform HIIM promptly with respect to any changes in your financial situation and investment goals and objectives. Failure to notify HIIM of any such changes could result in investment recommendations not meeting your needs.

- C. HIIM tailors the advisory services it offers to your individual needs. You may impose restrictions and/or limitations on the investing in certain securities or types of securities.

You should expect to have at least three meetings with HIIM. The first meeting is focused on gathering information about you and your financial situation and getting to know you. HIIM will complete a fact find questionnaire. Further, depending on the information gathered and the services you will receive, HIIM may complete a risk tolerance questionnaire. The second meeting HIIM will present recommendations. The third meeting is used for implementation, and to answer your questions. The information gathered by HIIM will assist HIIM to provide

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you with the requested services and customize the services to your financial situation. Depending on the services you have requested, HIIM will gather various financial information and history from you including, but not limited to:

- Retirement and financial goals
- Investment objectives
- Investment time horizon
- Risk tolerance
- Financial needs
- Cash flow analysis
- Cost of living needs
- Education needs
- Savings tendencies
- Other applicable financial information required by HIIM in order to provide the investment advisory services requested.

- D. HIIM does not participate in any wrap fee programs.
- E. As of December 31, 2014, we have approximately \$157,386,000 of client assets under our discretionary management. HIIM does not have any non-discretionary client assets under management.

### Item 5 - FEES AND COMPENSATION

#### Dynamic Portfolio Management Program

- A. Fees are negotiable and are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds.

You may make additions to the Account or withdrawals from the Account, provided you notify HIIM. No fee adjustments will be made for additional deposits to the account or for partial withdrawals from the account during a calendar quarter. However, accounts maintained at National Financial Services, LLC will have account values calculated based on the average daily balance. Consequently, the fee calculation will take into consideration account value fluctuations on a daily basis. No fee adjustments will be made for Account appreciation or depreciation.

Account Size	Annual Fee
\$0 to \$499,999	2.00%
\$500,000 to \$999,999	1.50%
\$1,000,000 to \$4,999,999	1.00%
\$5,000,000 and above	Negotiable

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Fees are determined based on the managed assets of the household. HIIM may change the above fee schedule upon 30-days prior written notice to you.

- B. The advisory fees payable upon initial implementation of the account may be paid by upon your receipt of the invoice from HIIM or collected directly from your account, provided you have given HIIM written authorization. You will be provided with an account statement sent by the account custodian reflecting the deduction of the advisory fee. If the Account does not contain sufficient funds to pay advisory fees, HIIM has limited authority to sell or redeem securities in sufficient amounts to pay advisory fees. You may reimburse the account for advisory fees paid to HIIM, except for ERISA and IRA accounts.
- C. In addition to the advisory fee above, you will pay transaction fees for securities transactions executed in your account in accordance with the custodian's transaction fee schedule. You may incur a flat fee transaction charge for transactions in exchange traded funds. Additionally, you may pay fees for custodial services, account maintenance fees, transaction fees, and other fees associated with maintaining the Account (e.g. wire fees, transfer fees, account closing fees, no activity fees). Such fees are not charged by HIIM and are charged by the product, broker/dealer or account custodian. HIIM does not share in any portion of such fees. Additionally, you may pay your proportionate share of the fund's management and administrative fees and sales charges as well as the mutual fund adviser's fee of any mutual fund they purchase. Such advisory fees are not shared with HIIM and are compensation to the fund-manager.

The broker/dealer through which transactions are directed offers various mutual funds with no transaction costs. However, mutual funds purchased with no transaction costs will have a holding period requirement or a short term redemption fee will be assessed to the client. The holding period will vary depending on the mutual fund and will range from 30 days to 90 days.

- D. Advisory fees will be charged in advance on a calendar quarter basis. The fee will be calculated based on the average daily market value of the portfolio for the previous calendar quarter.

The initial fee will be based upon the account establishment value and based on a proportion of the number of days remaining in the quarter.

- E. You are advised Advisory Representatives of HIIM are dually registered representatives of SSN ("SSN"), a registered broker/dealer, member of the Financial Regulatory Authority (FINRA) and SIPC. Advisory Representatives of HIIM who are Registered Representatives may receive trail commissions (i.e. 12b-1 fees) for a period of time as a result of directing securities transactions through SSN. Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as 12b-1 fees. 12b-1 fees come from fund assets, therefore, indirectly from your assets. 12b-1 fees may be initially paid to SSN and a portion passed to the Advisory Representatives. The receipt of such fees could represent an incentive for the Advisory Representatives to recommend funds with 12b-1 fees over funds that have no fees or lower fees. As a result, there is a potential conflict of interest.



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HIIM recommends mutual funds that pay 12b-1 fees and no-load funds.

You may purchase the securities recommended by HIIM directly or through other brokers or agents not affiliated with HIIM.

### Termination Provisions

You may terminate investment advisory services obtained from HIIM, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with HIIM. You will be responsible for any fees and charges incurred from third parties as a result of maintaining the account such as transaction fees for any securities transactions executed and account maintenance or custodial fees. Thereafter, you may terminate services upon HIIM's receipt of your written notice to terminate. Should you terminate services during a quarter, you will be refunded a pro-rata portion of the advisory fee for the quarter from the date of termination to the end of the calendar quarter.

### **General Information**

As stated above, HIIM sells its research to other financial professionals. Other financial professionals may subscribe to HIIM for its investment research and market commentary on either a monthly, quarterly or annual basis. The subscription fee will be \$4,800 annually. Financial professionals who subscribe on a quarterly or annual basis will receive a discount off the annual rate of 8.3% and 16.7%, respectively. The fee is not negotiable and is payable in advance of each payment period.

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

This section is not applicable to HIIM since HIIM does not charge performance based fees.

### **Item 7 - TYPES OF CLIENTS**

HIIM's services are geared toward individuals both high net worth (i.e. clients with a net worth of \$2,000,000) and other than high net worth and corporations and other types of businesses.

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

- A. HIIM conducts fundamental analysis and point and figure technical analysis. Fundamental analysis generally involves assessing a company's or security's value based on factors such as sales, assets, markets, management, products and services, earnings, and financial structure. Technical analysis generally involves studying trends and movements in a security's price, trading volume, and other market-related factors in an attempt to discern patterns.
- B. You are advised investing in securities involves risk of loss, including the potential loss of principal. Therefore, your participation in any of the management programs offered by HIIM will require you to be prepared to bear the risk of loss and fluctuating performance.

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HIIM does not represent, warrant or imply that the services or methods of analysis used by HIIM can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to major market corrections or crashes. Past performance is no indication of future performance. No guarantees can be offered that your goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by HIIM will provide a better return than other investment strategies.

- C. As stated above in Item 5, HIIM primarily uses mutual funds and exchange traded funds (ETFs). The risks with mutual funds include the costs and expenses within the fund that can impact performance, change of managers, and fund straying from its objective. Open ended mutual funds do not typically have a liquidity issue and the price does not fluctuate throughout the trading day. Mutual fund fees are described in the fund's prospectus, which the custodian mails directly to the client following any purchase of a mutual fund that is new to the client's account. In addition, a prospectus is available online at each mutual fund company's website. At the client's request at any time HIIM will direct the client to the appropriate web page to access the prospectus.

ETFs trade on an auctionable market. Therefore, there is more price fluctuation with ETFs than with mutual funds since ETFs trade throughout the day, whereas mutual funds are priced once a day. Also, since most ETFs only mirror a market index, such as the S&P 500, they won't outperform the index.

### **Item 9 - DISCIPLINARY INFORMATION**

There is no reportable disciplinary information required for HIIM or its management persons that is material to your evaluation of HIIM, its business or its management persons.

### **Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

- A. As previously stated, Advisory Representatives are dually registered as an advisory representative of HIIM and as a registered representative of SSN. You are under no obligation to purchase or sell securities through your Advisory Representative. However, if you choose to implement the plan, commissions may be earned in addition to any fees paid for advisory services. Commissions may be higher or lower at SSN than at other broker/dealers. Advisory Representatives may have a conflict of interest in having you purchase securities and/or insurance related products through SSN in that the higher their production with SSN the greater potential for obtaining a higher pay-out on commissions earned.

Under the rules and regulations of the FINRA, SSN has obligations to maintain records and perform other functions regarding certain aspects of the investment advisory activities of its registered representatives in relation to certain advisory accounts for which its registered representatives provide advice. These obligations require SSN to coordinate with and have the cooperation of the account custodian.

In order to fulfill its obligation, SSN has established a list of custodian and brokerage firms which it has arranged to obtain the required cooperation, and which therefore may be utilized for custody of accounts directly advised either by registered representatives of SSN who are investment adviser entities which are affiliated with registered representatives of SSN. In certain instances, SSN will collect, as a paying agent for HIIM, the advisory fee remitted to the company by the account custodian, and SSN will retain a portion as a charge to the investment adviser (not the client) for the functions SSN is required to carry out by the FINRA. This fee will not increase execution or brokerage charges to the client or the fee the client has agreed to pay HIIM pursuant to the client's advisory agreement. A portion of the fee retained by SSN may be re-allowed to other registered representatives of SSN who, as registered representatives of SSN, are responsible for the supervision of other representatives and assist SSN with the functions described above.

B-C. Kelly Financial Group, LLC is licensed as an insurance producer for various fixed insurance products. Certain supervised persons of HIIM are insurance agents and offer insurance products for a commission. Clients are under no obligation to purchase insurance products through supervised persons and are encouraged to obtain quotes and comparisons from other insurance professionals.

HIIM is not and does not have a related person who is a: futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities. Further, HIIM is not and does not have a related person who is: broker/dealer or other similar type of broker or dealer; investment company or other pooled investment vehicle, other investment adviser or financial planner; futures commission merchant or commodity pool operator; banking or thrift institution; accountant or accounting firm; lawyer or law firm; pension consultant; real estate broker or dealer; or sponsor or syndicator of a limited partnership.

HIIM attempts to mitigate the conflicts of interest with the potential receipt of commissions if recommendations are implemented by providing you with these disclosures. Further, you are encouraged to consult other professionals and may implement recommendations through other financial professionals. Furthermore, as a registered representative with SSN, Advisory Representatives are subject to a supervisory structure at SSN for his securities business.

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

### **Code of Ethics**

A. HIIM has a fiduciary duty to you to act in your best interest and always place your interests first and foremost. HIIM takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as HIIM's policies and procedures. Further, HIIM strives to handle your non-public information in such a way to protect information from falling into hands that have no business reason to know such information and provides you with HIIM's Privacy Policy. As such, HIIM maintains a code of

ethics for its Advisory Representatives, supervised persons and staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about your transactions. Further, HIIM's Code of Ethics establishes HIIM's expectation for business conduct. A copy of our Code of Ethics will be provided to you upon request.

- B. Neither HIIM nor its associated persons recommends to clients or buys or sells for client accounts any securities in which we have a material financial interest.
- C. HIIM and its associated persons may buy or sell securities identical to those securities recommended to you. Therefore, HIIM and/or its associated persons may have an interest or position in certain securities that are also recommended and bought or sold to you. HIIM and its associated persons will not put their interests before your interest. HIIM and its associated persons may not trade ahead of you or trade in such a way to obtain a better price for themselves than for you or other clients.
- D. HIIM is required to maintain a list of all securities holdings for its associated persons and develop procedures to supervise the trading activities of associated persons who have knowledge of your transactions and their related family accounts at least quarterly. Further, associated persons are prohibited from trading on non-public information or sharing such information.

#### Prohibition on Use of Insider Information

HIIM has adopted policies and procedures to prevent the misuse of "insider" information (i.e. material n, non-public information). A copy of such policies and procedures is available to any person upon request.

## Item 12 - BROKERAGE PRACTICES

As previously stated, Advisory Representatives are registered representatives of SSN. As a result they are subject to FINRA Conduct Rule 3040 which may restrict such them from conducting securities transactions away from SSN unless SSN provides them with written authorization. HIIM is independently owned and operated and not affiliated with SSN.

Not all investment advisers require you to maintain accounts at a specific broker/dealer. You may maintain accounts at another broker/dealer. However, the services provided by HIIM will be limited to only advice and will not include implementation. If you who select another brokerage firm for custodial and/or brokerage services you will not be able to receive asset management services from HIIM.

In initially selecting SSN, HIIM conducted due diligence. HIIM's evaluation and criteria includes:

- Ability to service you
- Staying power as a company

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- Industry reputation
- Ability to report to you and to HIIM
- Availability of a efficient trading platform
- Products and services available
- Technology resources
- Educational resources
- Execution capability
- Financial responsibility and viability
- Confidentiality and security of your information
- Responsiveness
- Other factors that may bear on the overall evaluation of best price and execution

Additionally, periodically HIIM will review transaction costs in light of current market circumstances, available published statistical analysis as well as other relevant information.

Best execution does not simply mean the lowest transaction cost. Therefore, no single criteria will validate nor invalidate a custodian, but rather, all criteria taken together will be used in evaluating the currently utilized custodian.

You are advised there is an incentive for HIIM and the Advisory Representatives to recommend a broker/dealer over another based on the products and services that will be received rather than your best interest.

SSN has a wide range of approved securities products for which SSN performs due diligence prior to selection. SSN's registered representatives are required to adhere to these products when implementing securities transactions through SSN. Commissions charged for these products may be higher or lower than commissions you may be able to obtain if transactions were implemented through another broker/dealer. SSN also provides Advisory Representatives, and therefore the HIIM, with back-office operational, technology, and other administrative support. Other services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. Such services are intended to help Advisory Representatives and HIIM manage and further develop its business enterprise.

SSN and its clearing broker/dealer also make available to HIIM other products and services that benefit HIIM but may not directly benefit you. Some of these other products and services assist HIIM with managing and administering your accounts. These include software and other technology that provide access to your account data (such as trade confirmation and account statements); facilitate trade execution; provide research, pricing information and other market data; facilitate payment of HIIM's fees from your accounts; and assist with back-office functions; record-keeping and client reporting. Many of these services generally may be used to service all or a substantial number of HIIM's accounts, including accounts not held through SSN.

HIIM may aggregate ("bunch") transactions in the same security on behalf of more than one client in an effort to strive for best execution and to possibly reduce the price per share and/or other costs to clients. However, aggregated or bunched orders will not reduce the transaction costs to participating clients. HIIM conducts aggregated transactions in a manner designed to ensure that no participating

client is favored over another client. Participating clients will obtain the average share price per share for the security executed that day. To the extent the aggregated order is not filled in its entirety and when possible, securities purchased or sold in an aggregated transaction will be allocated on a random basis. Under certain circumstances, the amount of securities maybe increased or decreased to avoid holding odd-lot or a small number of shares for particular clients.

### **Item 13 - REVIEW OF ACCOUNTS**

- A. If you are participating in the Dynamic Portfolio Management Program you will be invited to participate in reviews not less than at least annually or as agreed by you and your Advisory Representative. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. The review process contains the following elements: a) assess your goals and objectives; b) evaluate the strategy which has been employed; c) monitor the portfolio; and d) address the need to rebalance. Your Advisory Representative will monitor for changes or shifts in the economy, changes to the management and structure of a mutual fund or company in which your assets are invested, and market shifts and corrections.

If you are participating in Financial Planning & Consulting Services you will not receive regular reviews. HIIM recommends you have at least an annual review and update to any plans. However, the time and frequency of the reviews is solely your decision. Additionally, you will be charged review fees based on the fee schedule disclosed under the program. Other than the initial plan or analysis, there will be no other reports issued.

- B. You are advised that you must notify your Advisory Representative promptly of any changes to your financial goals, objectives or financial situation as such changes may require him review the potfolio allocation and make recommendations for changes.
- C. You will be provided statements at least quarterly direct from the account custodian. Additionally, you will receive confirmations of all transactions occuring direct from the account custodian.

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

- A. Product vendors recommended by HIIM may provide monetary and non-monetary assistance with client events, provide educational tools and resources. HIIM does not select products as a result of any monetary or non-monetary assistance. The selection of product is first and foremost. HIIM's due diligence of a product does not take into consideration any assistance it may receive. Therefore, this is not considered a conflict of interest but a benefit for you and HIIM.
- B. HIIM enters into arrangements with individuals or other investment advisers ("Solicitor") whereby the Solicitor will refer clients who may be a candidate for investment advisory services to HIIM. The individuals may or may not be advisory representatives of a registered investment adviser. In return, HIIM agrees to compensate the Solicitor for the referral.

Compensation to the Solicitor is dependent on the client entering into an advisory agreement with HIIM for advisory services. Compensation to solicitor will be an agreed upon percentage of HIIM's advisory fee or a flat fee that may be one time or for a specified period of time. HIIM's Solicitor Disclosure will outline to the client the compensation structure. HIIM's referral program is in compliance with the federal regulations as set out in 17 CFR Section 275.206(4)-3. The solicitation/referral fee is paid pursuant to a written agreement retained by both HIIM and the Solicitor. The Solicitor will be required to provide the client with a copy of HIIM's Form ADV Part 2 and a Solicitor Disclosure brochure prior to or at the time of entering into any investment advisory contract with HIIM. Solicitor is not permitted to offer clients any investment advice on behalf of HIIM. Clients' advisory fee will not be increased as a result of compensation being shared with Solicitor.

## **Item 15 - CUSTODY**

With the exception of deduction of HIIM's advisory fees from your accounts, HIIM does not take custody of your funds or securities.

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct your account custodian to deduct our advisory fees directly from your account or if you grant us authority to move your money to another person's account. Your account custodian maintains actual custody of your assets. You will receive account statements directly from your account custodian at least quarterly. They will be sent to the email or postal mailing address you provided. You should carefully review those statements promptly when you receive them.

## **Item 16 - INVESTMENT DISCRETION**

You may grant HIIM authorization to manage your account on a discretionary basis. Discretionary authority will give HIIM the authority to buy, sell, exchange, convert securities in your managed accounts. You will grant such authority to HIIM by execution of the advisory agreement. You may terminate discretionary authorization at any time upon receipt of written notice by HIIM.

Additionally, you are advised that:

- You may set parameters with respect to when account should be rebalanced and set trading restrictions or limitations;
- Your written consent is required to establish any mutual fund, variable annuity, or brokerage account;
- HIIM requires the use of the broker/dealer with which your Advisory Representative is registered for sales in commissionable mutual funds or variable annuities, if you elect to implement recommendations through your Advisory Representative;
- With the exception of deduction of HIIM's advisory fees from the account, if you have authorized automatic deductions, HIIM will not have the ability to withdraw your funds or securities from the account.

**Item 17 - VOTING CLIENT SECURITIES**

HIIM does not vote your securities. Unless you suppress proxies, securities proxies will be sent directly to you by the account custodian or transfer agent. You may contact HIIM about questions you may have and opinions on how to vote the proxies. However, the voting and how you vote the proxies is solely your decision.

**Item 18 - FINANCIAL INFORMATION**

- A. HIIM will not require you to prepay more than \$1,200 and six or more months in advance of receiving the advisory service.
- B. As stated above, HIIM has discretionary authority over client accounts; however that authority does not extend to the withdrawal of any client assets, with the exception of deduction of HIIM's advisory fees from your accounts. We are financially stable. There is no financial condition that is likely to impair our ability to meet our contract actual commitment to you or any other client.
- C. HIWA has not been the subject of a bankruptcy petition.

**Item 19 - REQUIREMENTS FOR STATE REGISTERED ADVISERS**

This section is not applicable to HIIM. HIIM is not state registered. HIIM is registered with the Securities and Exchange Commission.