

# HMS Capital Management, LLC Wrap Fee Program Brochure

*This brochure provides information about the qualifications and business practices of HMS Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 615.829.7200 or by email at: [dana@hmscm.com](mailto:dana@hmscm.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 HMS Capital Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). HMS Capital Management, LLC's CRD number is: 149764.*

5130 Ashland City Hwy  
Nashville, Tennessee, 37218  
615.829.7200  
<http://www.hmscm.com>.  
[dana@hmscm.com](mailto:dana@hmscm.com)

*Registration does not imply a certain level of skill or training.*

Version Date: 12/22/2015

## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of HMS Capital Management, LLC on March 18, 2015 are described below. This list summarizes changes to policies, practices or conflicts of interests only.

- HMS Capital Management, LLC updated its principal place of business. (Cover page)
- Dana Moore Brisendine is a Managing Manager of Sorelle Asset Management, LLC, the general partner of The 576 Income Fund, LP, a private fund. (Item 4.A)
- Dana Moore has filed to change her name from Dana N. Moore to Dana M. Brisendine.

## Item 3: Table of Contents

Item 1: Cover Page .....	
Item 2: Material Changes .....	i
Item 3: Table of Contents.....	ii
Item 4: Services Fees and Compensation .....	1
A. Description of Services.....	1
B. Contribution Cost Factors .....	2
C. Additional Fees .....	3
D. Compensation of Client Participation .....	3
Item 5: Account Requirements and Types of Clients .....	3
Item 6: Portfolio Manager Selection and Evaluation.....	3
A. Selecting/Reviewing Portfolio Managers .....	3
1. Standards Used to Calculate Portfolio Manager Performance.....	3
2. Review of Performance Information .....	4
All accounts will be reviewed at least annually. ....	4
B. Related Persons .....	4
C. Advisory Business .....	4
Services Limited to Specific Types of Investments .....	4
Client Tailored Services and Client Imposed Restrictions .....	5
Wrap Fee Programs .....	5
Amounts Under Management.....	5
Methods of Analysis and Investment Strategies .....	5
Risks of Specific Securities Utilized .....	6
Voting Client Proxies.....	7
Item 7: Client Information Provided to Portfolio Managers .....	7
Item 8: Client Contact with Portfolio Managers .....	7
Item 9: Additional Information.....	8
A. Disciplinary Action and Other Financial Industry Activities.....	8
Criminal or Civil Actions: .....	8
Administrative Proceedings .....	8
Self-regulatory Organization (SR) Proceedings .....	8
Registration as a Broker/Dealer or Broker/Dealer Representative.....	8
Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor .....	8
Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests .....	8
Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections .....	10
B. Code of Ethics, Client Referrals and Financial Information .....	10
Code of Ethics .....	10
Investing Personal Money in the Same Securities as Clients .....	10

Frequency and Nature of Periodic Reviews and Who Makes Those Reviews .....	11
Factors That Will Trigger a Non-Periodic Review of Client Accounts.....	11
Content and Frequency of Regular Reports Provided to Clients .....	11
Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes) .....	11
Compensation to Non – Advisory Personnel for Client Referrals .....	11
Balance Sheet .....	11
Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients .....	11
Bankruptcy Petitions in Previous Ten Years.....	11

## **Item 4: Services Fees and Compensation**

HMS Capital Management, LLC (hereinafter “HMS”) offers the following services to advisory clients:

### **A. Description of Services**

HMS participates in and sponsors a wrap fee program offered through one of their custodians, TD Ameritrade (“The Program”) for certain investment management service clients. This wrap fee program allows HMS to manage client accounts for a single fee that includes portfolio management services, trading, and custodial costs. The fees are payable monthly in arrears. HMS charges an annual fee of 1.40% (“Fee”) of assets under management in The Program. These fees are negotiable solely at the HMS’s discretion.

Fees will be calculated as follows:

The Fee will be computed for each The Program’s accounts for each calendar monthly billing period and charged on a monthly basis in arrears.

Clients may terminate the contract without penalty, for full refund, within five business days of signing the contract. Thereafter, clients may terminate the contract with five days’ written notice.

HMS also manages The 576 Income Fund, LP, a hedge fund.

### **Retirement Management Advisory Services (optional services – NOT part of Wrap Fee Program)**

Fees for this service are \$250/hr. with a one hour minimum and \$4,000 maximum. Fees will be estimated prior to services being rendered. A 50% deposit is required with the remainder of the fees billed upon completion of the plan or advice rendered. Fees may be paid by check. If the client chooses to hire the adviser for investment management services in addition to retirement management advisory services, the fees paid for this service will be credited toward first year investment management fees.

### **Payment Methods and Other Charges**

For Investment Management Services (including Wrap Fees described above), you must authorize us in writing to have the custodian/ broker-dealer pay us directly by charging your account. This authorization is typically provided in our advisory agreement and/or in the limited power of attorney section of the custodian’s new account forms.

Fees for the initial month will be adjusted pro-rata based upon the number of days in the month that the advisory agreement is in effect. There will be no adjustments for deposits or withdrawals to the account during the billing period. The fees are charged in arrears on a monthly basis and are based upon the value of the assets as of the month end. We will send you a copy of the invoice when we submit our billing instructions to your custodian.

Your custodian also provides you with statements that show the amount paid directly to us. You should review your custodian's statement and verify that the proper amount has been deducted. Your custodian does not typically verify the accuracy of fee calculations.

Fees for Retirement Management Adviser Services are billed as described above with a 50% deposit and the balance billed to you upon completion of the review. If more than one or on-going reviews are requested then details of how and when all payments are to be made will be included in your advisory agreement for these services.

Our advisory fees are billed in arrears. Clients may terminate the advisory agreement with five (5) days' advance written notice. Should either party terminate the advisory agreement we have entered into before the end of a billing period, we will deduct any earned fees prior to closing the account. The amount charged to you is calculated by multiplying the market value of your account on the day the agreement is terminated by 1/12 of your stated annual fee. This monthly fee is divided by thirty to determine a daily fee. The daily fee is then multiplied by the number of calendar days in the month that our agreement was in effect. This amount, which equals the amount we earned for the partial month is deducted from your account.

### ***Performance-Based Fees***

Investors in The 576 Income Fund, LP will pay an annual fee of 1.00% (equal to a monthly management fee of 0.0833%) of assets in the fund, which will be paid to HMS, along with a 20.00% performance fee based on capital appreciation, which will be paid to Sorelle Asset Management, LLC, the General Partner of the fund. If fund's portfolio rises in value, participating clients will pay 20.00% on that increase in value, but if the portfolio drops in value, the clients will not incur a new performance fee until the portfolio reaches the last highest value, adjusted for withdrawals and deposits, which is generally known as a "high water mark."

The high water mark will be the highest value of the client's account on the last day of any previous year, after accounting for the client's deposits or withdrawals for each billing period.

These fees are generally negotiable and the final fee schedule will be in the Investment Management Agreement. Investors must give 90 days' notice for withdrawal from the fund. If an investor terminates within the first year, the fund will charge a penalty fee (this fee is not charged by HMS). Clients must pay the prorated performance-based fees for the billing period in which they terminate the Investment Management Agreement up to and including the day of termination.

Performance-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on an annual basis. Fees are paid monthly in arrears.

## **B. Contribution Cost Factors**

The program may cost the client more or less than purchasing such services separately. There are several factors that bear upon the relative cost of the program including the cost of the services if provided separately and the trading activity in the client's account.

### **C. Additional Fees**

Clients who participate in the wrap fee program will not have to pay for transaction or trading fees. However, clients are still responsible for mutual fund fees and all other account fees; such as annual IRA fees to the custodian, termination fees if the account is moved to another broker, or third party adviser fees.

### **D. Compensation of Client Participation**

Neither HMS, nor any representatives of HMS receive any additional compensation beyond advisory fees for the participation of clients in the wrap fee program. However, compensation received may be more than what would have been received if client paid separately for investment advice, brokerage, and other services. Therefore, HMS may have a financial incentive to recommend the wrap fee program to clients.

## **Item 5: Account Requirements and Types of Clients**

We provide advisory services primarily to individuals, high net worth individuals, charitable organizations, corporations, and insurance companies with smaller accounts than those in our separate account program, where the trading fees typically involved would adversely affect the overall account performance due to the smaller amount of invested assets. HMS will monitor all accounts and trading activity to verify that the wrap fee program is still beneficial vs. as normal trading fee account scenario

As a condition for starting and maintaining an advisory relationship, we generally require a minimum portfolio size of \$40,000. At our sole discretion, we may accept clients with smaller portfolios based upon certain factors including anticipated future earning capacity, anticipated future additional assets, account composition, related accounts, and pre-existing client relationships. We may consider the portfolios of your family members to determine if your portfolio meets the minimum size requirement.

## **Item 6: Portfolio Manager Selection and Evaluation**

### **A. Selecting/Reviewing Portfolio Managers**

HMS will not select any outside portfolio managers for management of this wrap fee program. HMS will be the sole portfolio manager for this wrap fee program.

#### ***1. Standards Used to Calculate Portfolio Manager Performance***

Account Performance will be periodically measured against standard appropriate industry benchmarks.

## ***2. Review of Performance Information***

All accounts will be reviewed at least annually.

### **B. Related Persons**

As HMS is the only portfolio manager in the program, there are no conflicts of interest relating to choice of third party or related persons as portfolio managers for this wrap fee program.

### **C. Advisory Business**

We currently have seven different investment models that use a mix of domestic and foreign equities, fixed income securities, mutual funds, exchange traded funds and other suitable investment vehicles. We directly manage all portfolios.

The seven different investment models are:

- Focus 20 - portable alpha portfolio of multi-capitalization growth stocks
- Equity Income – portable alpha portfolio of large cap dividend producing stocks
- Innovators – multi capitalization aggressive growth portfolio
- Global Mid Cap Growth – medium capitalization aggressive growth portfolio
- Aggressive Growth - aggressive portfolio of stocks, ETFs and mutual funds
- Stable Growth – balanced portfolio of stocks, bonds, mutual funds and ETFs
- Conservative Growth – income oriented portfolio of stocks, bonds, mutual funds, ETFs and covered call positions

We will rebalance and/or reallocate your portfolio at least annually. We may rebalance more frequently at our discretion should market conditions dictate. You are advised that transactions in the account, account reallocations and rebalancing may trigger a taxable event for you, with the exception of IRA accounts, 403(b) accounts and other qualified retirement accounts.

Wrap account clients should be aware that due to the smaller typical size of these accounts HMS may be limited as to the diversification and choices available from the above portfolios. In certain cases alternative individual holdings may be used instead on an entire model. HMS will always act in the client's best interests.

## ***Services Limited to Specific Types of Investments***

HMS generally limits its investment advice seven different investment models that use a mix of domestic and foreign equities, fixed income securities, mutual funds, exchange traded funds and other suitable investment vehicles. HMS may use other securities as well to help diversify a portfolio when applicable.



## ***Client Tailored Services and Client Imposed Restrictions***

Through discussions, interviews and/or client questionnaires, we assist you in determining your investment goals and identifying your risk tolerance levels. We work with you to develop a detailed client profile to determine an appropriate investment model for you. In addition to direct portfolio management, we will consult with you on assets not managed by us. Your entire investment portfolio will be analyzed at least annually, and we will evaluate the appropriateness of the portion managed by HMS in light of the entire portfolio allocation.

### **Needs and Restrictions**

In managing your investment portfolio, we consider your:

- ☐ financial situation,
- ☐ risk tolerance,
- ☐ investment horizon,
- ☐ liquidity needs,
- ☐ tax considerations,
- ☐ investment objectives, and
- ☐ any other issues important to your state of affairs.

You should notify us promptly if there are any changes in your financial situation or investment objectives or if you wish to impose any reasonable restrictions upon the management of your account.

### ***Wrap Fee Programs***

A wrap fee programs is an investment program where the investor pays one stated fee that includes management fees, transaction costs, and any other administrative fees (other than IRA and/or qualified plan custodial fees). HMS managed the investments in the wrap fee program. HMS manages those wrap fee accounts differently than non-wrap fee accounts. This management style differs from HMS's usual separate account program in that smaller account values will dictate smaller allocations and diversifications from other clients with larger accounts. A portion of the fees paid to the wrap account program will be given to HMS as a management fee.

### ***Amounts Under Management***

HMS has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$132,974,575.00	\$2,698,700.00	12/31/2014

### ***Methods of Analysis and Investment Strategies***

We select specific investments for your portfolios through the use of fundamental analysis. Fundamental analysis is a method of evaluating a company that has issued a security by attempting to measure the value of its underlying assets. It entails studying overall economic

and industry conditions as well as the financial condition and the quality of the company's management. Earnings, expenses, assets, and liabilities are all important in determining the value of a company. The value is then compared to the current price of the issuing company's security to determine whether to purchase, sell or hold the security.

We select securities based upon a combination of quantitative, fundamental and technical factors. We use information from public sources, such as financial reports and industry and financial periodicals, as well as technical and charting analysis prepared by independent sources.

Our investment strategies may include long-term and short-term purchases and sales. You may place reasonable restrictions on the strategies to be employed in your portfolio and the types of investments to be held in your portfolio.

All investments involve risks that can result in loss:

- loss of principal,
- a reduction in earnings (including interest, dividends and other distributions), and
- the loss of future earnings.

Additionally, these risks may include:

- market risk,
- interest rate risk,
- issuer risk, and
- general economic risk.

Although we manage your portfolio in a manner consistent with your risk tolerances, there can be no guarantee that our efforts will be successful. You should be prepared to bear the risk of loss.

Our investment strategies may include long-term and short-term purchases and sales. You may place reasonable restrictions on the strategies to be employed in your portfolio and the types of investments to be held in your portfolio.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### ***Risks of Specific Securities Utilized***

The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond "fixed income" nature (lower risk) or stock "equity" nature (mentioned above).

**Equity** investment generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

**Fixed Income** is an investment that guarantees fixed periodic payments in the future that may involve economic risks such as inflationary risk, interest rate risk, default risk, repayment of principal risk, etc.

**Stocks & Exchange Traded Funds (ETF):** Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). **Precious Metal ETFs** (e.g., Gold, Silver, or Palladium Bullion backed "electronic shares" not physical metal): Investing in precious metal ETFs carries the risk of capital loss.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### ***Voting Client Proxies***

We have adopted and implemented policies and procedures that we believe are reasonably designed to ensure that proxies are voted in your best interest. Proxy statements increasingly contain controversial issues involving shareholder rights and corporate governance, among others, which deserve careful review and consideration.

We do not vote proxies unless you specifically request in writing that we do so.

When we do vote proxies for clients, we generally vote with management on routine matters related to the operation of the company and not expected to have significant economic impact on the company or shareholders. In instances where material conflicts of interest may exist, we will resolve any such conflict by voting any such proxies in the best interest of the clients. In doing so, we will follow the guidelines and factors set forth in our proxy voting procedures.

We will work with your custodian to ensure receipt of proxies. However, if the custodian is not able to facilitate this procedure, you will be notified that we will not be voting the proxies.

You may receive a record of how proxy statements were voted upon request. Also, you may receive a complete copy of our Proxy Voting Policy & Procedures upon request.

## **Item 7: Client Information Provided to Portfolio Managers**

HMS is the portfolio managers for this wrap fee program. All client information that is collected, including basic information, risk tolerance, sophistication level, and income level will be collected by HMS. As that information changes and is updated, HMS will have immediate access to that information once collected.

## **Item 8: Client Contact with Portfolio Managers**

HMS places no restrictions on client ability to contact its portfolio managers. HMS's representative, Dana Moore can be contacted during regular business hours and contact information is on the cover page of Dana Moore's Form ADV Part 2B brochure supplement.

## Item 9: Additional Information

### A. Disciplinary Action and Other Financial Industry Activities

#### ***Criminal or Civil Actions:***

In June of 2009 Angela Helbig was named by a client in a complaint while she was employed at SunTrust Investment Services, Inc. The complaint was denied 4 days later by the firm and no subsequent actions were taken. Specific details of this filing can be found on the SEC's Investment Adviser Public Disclosure site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Other than as listed immediately above, we have not been the subject of any legal or disciplinary events that would be material to your evaluation of our business or the integrity of our management.

#### ***Administrative Proceedings***

There are no administrative proceedings to report.

#### ***Self-regulatory Organization (SR) Proceedings***

There are no self-regulatory organization proceedings to report.

#### ***Registration as a Broker/Dealer or Broker/Dealer Representative***

Neither HMS nor its representatives are registered as or have pending applications to become a broker/dealer or as representatives of a broker/dealer.

#### ***Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor***

Neither HMS nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

#### ***Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests***

HMS participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. HMS receives some benefits from TD Ameritrade through its participation in the Program.

As disclosed above, HMS participates in TD Ameritrade's institutional customer program and HMS may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between HMS's participation in the program and the investment advice it gives to its Clients, although HMS receives economic benefits through

its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving HMS participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to HMS by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by HMS's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit HMS but may not benefit its Client accounts. These products or services may assist HMS in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help HMS manage and further develop its business enterprise. The benefits received by HMS or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, HMS endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by HMS or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the HMS's choice of TD Ameritrade for custody and brokerage services.

HMS may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, HMS may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with HMS and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise HMS and has no responsibility for HMS's management of client portfolios or HMS's other advice or services. HMS pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to HMS ("Solicitation Fee"). HMS will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by HMS from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired HMS on the recommendation of such referred client. HMS will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure

and Acknowledgement Form.

HMS's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, HMS may have an incentive to recommend to clients that the assets under management by HMS be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, HMS has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. HMS's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

***Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections***

HMS does not utilize nor select other advisors or third party managers. All assets are managed by HMS management.

**B. Code of Ethics, Client Referrals and Financial Information**

***Code of Ethics***

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

***Investing Personal Money in the Same Securities as Clients***

From time to time, representatives of HMS may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of HMS to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. HMS will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

***Frequency and Nature of Periodic Reviews and Who Makes Those Reviews***

Investment Management accounts are reviewed on a periodic basis as needed. The reviews focus on consistency of your portfolio investments with your investment objectives and risk

tolerances. In addition, your investment constraints are considered and tested with your portfolio holdings.

***Factors That Will Trigger a Non-Periodic Review of Client Accounts***

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

***Content and Frequency of Regular Reports Provided to Clients***

Each client will receive at least quarterly from the custodian, a written report that details the client's account including assets held and asset value which will come from the custodian.

***Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)***

HMS does not receive any economic benefit, directly or indirectly from any third party for advice rendered to HMS clients.

***Compensation to Non – Advisory Personnel for Client Referrals***

HMS does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

***Balance Sheet***

HMS does not require nor solicit prepayment of more than \$1200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

***Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients***

Neither HMS nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

***Bankruptcy Petitions in Previous Ten Years***

HMS has not been the subject of a bankruptcy petition in the last ten years.