

Form ADV Part 2A

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This brochure provides information about the qualifications and business practices of The Hoerner Planning Group LLC. If you have any questions about the contents of this brochure, please contact us at 540-687-5090 and/or tim@hoernerplanninggroup.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 The Hoerner Planning Group LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

This brochure dated March 29, 2017 has been prepared in accordance with regulatory requirements. The Assets Under Management section on page 2 reflects assets as of December 31, 2016. For Item 10 on pages 10 and 11 we eliminated all references to wrap fee programs.

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ADVISORY BUSINESS [Item 4]

The Hoerner Planning Group, LLC (“HPG”) is an investment adviser offering financial planning, consulting, and investment management services. HPG has been in business since May 2006. Henry Rhodes (“Tim”) Hoerner is the sole owner.

Types of Advisory Services

HPG provides comprehensive wealth advisory services to affluent families and their related entities. These entities include the family’s individual accounts, their trusts, estates, charitable organizations, corporations, pension and profit sharing plans and other business entities. HPG offers planning services, including: estate planning, business succession planning, concentrated stock planning and retirement planning, on a fee basis, which may include hourly and/or fixed fees. HPG offers investment management services for fees based upon assets under management. Prior to engaging HPG to provide any of the foregoing services, the client will be required to enter into one or more written agreements with HPG setting forth the terms and conditions under which HPG will render its services, and describing the scope of the services to be provided and the portion of the fee that is due from the client prior to HPG commencing services.

With regard to investment advisory services, HPG offers customized asset allocation advice tailored to meet the clients’ specific planning needs. Additionally, HPG provides manager selection services to implement asset allocation recommendations. Most frequently, the investment implementation vehicles are separate accounts managed by Independent Managers (defined below), private partnerships managed by Independent Managers and mutual funds. All of these vehicles are selected based upon the client’s specific planning requirements. The private partnerships include: real estate, private equity of all types, hedge funds and fund of funds hedge funds and managed futures. HPG also offers advice on the following types of investments: exchange-listed securities, securities traded over-the-counter, foreign issuers, corporate debt securities (other than commercial paper), certificates of deposit, municipal securities, and United States government securities. Investment management services are offered on a discretionary and non-discretionary basis, depending on the investment implementation vehicle.

When selecting an Independent Manager for a client, HPG does extensive due diligence on the Independent Manager including: face-to-face interviews, review of the Manager’s disclosure statements, review of the Manager’s presentation materials, independent third party analysis, review of the Manager’s risk management and return performance and a review of the Manager’s investment background. For separate account management and private partnership management, HPG allocates a portion of the client’s assets to the Independent Manager based upon the specific client’s objectives. Once selected, HPG continues to monitor the Independent Manager’s overall performance, keeping in mind the client’s investment objectives and specific planning requirements.

For private partnerships, HPG’s clients are typically “accredited investors” or “qualified purchasers” under the Investment Company Act of 1940. When HPG recommends that a

client invest in a private partnership, HPG takes into special consideration the client's liquidity requirements. HPG does not receive additional compensation on private placement securities, other than its applicable investment advisory fee on the client's assets under management.

HPG may also render non-discretionary investment management services to clients relative to: (1) variable life/annuity products that they may own, and/or (2) their individual employer-sponsored retirement plans. In doing so, HPG either directs or recommends the allocation of client's assets among the various mutual fund subdivisions that will be maintained at either the specific insurance company that issued the variable life/annuity product, which is owned by the client, or at the custodian designated by the sponsor of the client's retirement plan.

Investment Restrictions

HPG tailors its advisory services to the individual needs of clients through an assessment of each client's investment objectives, time horizons and comprehensive planning requirements. HPG's clients may impose reasonable restrictions upon HPG's management services, including restrictions on the purchase of certain securities or types of securities. HPG will not, however, be able to accommodate investment restrictions that are unduly burdensome or materially incompatible with its investment approach.

Wrap Fee Programs

HPG does not participate in wrap fee programs by providing account management services.

Assets Under Management

HPG manages \$378,334,616 in client assets on a discretionary basis. HPG manages \$152,016,397 in client assets on a non-discretionary basis. These amounts were calculated as of December 31, 2016.

FEES AND COMPENSATION [Item 5]

HPG charges a fixed fee and/or hourly fee for comprehensive financial planning and consulting services (which may include non-investment related matters). HPG's financial planning and consulting fees are negotiable, but generally range from \$5,000 to \$100,000 on a fixed fee basis and/or \$350 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services.

In the event the client determines to engage HPG to provide investment management services, HPG will do so on a fee basis. If engaged, HPG will charge an annual fee based upon a percentage of the market value of the assets being managed by HPG, valued as of the last day of each calendar quarter, as follows:

<u>Account Value</u>	<u>Annual Fee</u>
up to \$2,000,000	0.70%
above \$2,000,000	Negotiable

For private partnerships in your account, our Advisor Fee will be based on the value of the private partnership as determined by the most recently available partners' capital account statement, as prepared by the manager of the private partnership after taking into account any distributions and capital contributions made during the period.

HPG, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria, such as the complexity of the client's overall financial planning situation, the dollar amount of assets to be managed, other related accounts and a pre-existing client relationship.

With respect to financial planning and/or consulting engagements on an hourly rate basis, HPG's full fee is payable upon completion of the agreed upon services. Either party may terminate the agreement by written notice to the other.

HPG's annual fee charged for investment management services will be prorated and charged quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter.

Other Fees and Expenses

HPG's annual fee is exclusive of, and in addition to, brokerage commissions, transaction fees, and other related costs and expenses which will be incurred by the client. See Item 12. However, HPG will not receive any portion of these commissions, fees, and costs.

HPG will generally recommend that clients use the brokerage and custodial services of Fidelity Investments and its affiliates (collectively referred to as "Fidelity") and/or Brown Brothers Harriman & Co. for investment management accounts.

HPG will only implement its investment management recommendations after the client has arranged for and furnished HPG with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions will include, but are not limited to, Fidelity, Brown Brothers Harriman & Co. or any other broker-dealer recommended by HPG, broker-dealers directed by the client, trust companies, banks etc. ("Financial Institution(s)").

Clients may incur certain charges imposed by the Financial Institution(s) and other third parties such as fees charged by Independent Managers (as defined below); custodial fees; brokerage commissions and fees; charges imposed directly by a mutual fund or exchange traded fund in the account, which will be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses); charges imposed directly by a private partnership in the account, which will be disclosed in the partnership's offering documents; fees imposed by variable annuity providers and disclosed in the annuity contract; deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and

electronic fund fees; and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to HPG's fee.

Payment of Fees

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

Generally, for fixed fee financial planning and/or consulting engagements, HPG requires the full fee paid upon entering the written agreement. In the event the client terminates HPG's financial planning and/or consulting services, the balance of HPG's unearned fees (if any) will be refunded to the client. If termination occurs within five business days of entering into an agreement for such services, the client will be entitled to a full refund.

For investment management accounts, the client may make additions to and withdrawals from the account at any time, subject to HPG's rights to terminate an account. If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter. Clients may withdraw account assets on notice to HPG, subject to the usual and customary securities settlement procedures. HPG designs its accounts as long-term investments and asset withdrawals may impair the achievement of a client's investment objectives.

For the initial quarter of investment management services, the first quarter's fees will be calculated on a *pro rata* basis. The Agreement between HPG and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. HPG's annual fee will be prorated through the date of termination and any remaining balance will be charged or refunded to the client, as appropriate, in a timely manner.

Additions may be in cash or securities provided that HPG reserves the right to liquidate any transferred securities, or decline to accept particular securities into a client's account. HPG may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees and fees assessed at the mutual fund level (*i.e.*, contingent deferred sales charge) and the sales may result in the client paying capital gains taxes.

Neither HPG nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based charges or service fees from the sale of mutual funds.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT [Item 6]

Neither HPG nor any of its supervised persons accepts performance-based fees.

TYPES OF CLIENTS [Item 7]

HPG provides comprehensive wealth advisory services to affluent families and their related entities. These entities include the family's individual accounts, their trusts, estates, charitable organizations, corporations, pension and profit sharing plans and other business entities.

While a significant number of HPG's clients are "qualified purchasers" or "accredited investors" under the Investment Company Act of 1940, HPG does not impose a minimum account size or minimum annual fee. Certain Independent Manager(s) may, however, impose more restrictive account requirements and/or billing practices than HPG. In such instances, HPG may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Manager(s) or wrap fee program sponsor.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS [Item 8]

Investment Strategies

With regard to investment advisory services, HPG offers customized asset allocation advice tailored to meet the client's specific planning needs. Additionally, HPG provides manager selection services to implement the asset allocation recommendations. Most frequently, the investment implementation vehicles are separate accounts managed by Independent Managers (defined below), private partnerships managed by Independent Managers and mutual funds. All of these vehicles are selected based upon the client's specific planning requirements. The private partnerships include: real estate, private equity of all types, hedge funds and fund of funds hedge funds and managed futures. HPG also offers advice on the following types of investments: exchange-listed securities, securities traded over-the-counter, foreign issuers, corporate debt securities (other than commercial paper), certificates of deposit, municipal securities, and United States government securities.

As a rule, HPG designs portfolios with a long term investment horizon and its asset allocation recommendations and its manager selection decisions reflect that long term investment horizon. HPG refers to this process as strategic asset allocation. Typically, a client's assets are broadly diversified across a range of asset categories. Additionally, within each asset category, the investment vehicle (separate account, private partnership or mutual fund) is invested in numerous individual securities. Occasionally, HPG identifies asset classes, which it believes are mispriced. In those cases, HPG will make tactical asset allocation decisions based on those mispricing opportunities. The tactical asset allocation decisions usually have a shorter investment horizon than the strategic allocation decisions.

With regard to Investment Manager selection, HPG tends to prefer Investment Managers who meet some or all of the following criteria: (1) They invest utilizing a strict value discipline, investing only in securities that are valued by the market at a discount to the Investment Manager's conservative estimate of intrinsic value, (2) The manager focuses first on protecting capital and secondarily on earning a reasonable rate of return, (3) The manager has a substantial portion of his net worth in the investment vehicle, (4) The investment vehicle tends to reflect the manager's best investment ideas and is, therefore, often concentrated, (5) The manager has a successful long term track record which reflects all of the aforementioned.

HPG uses various financial publications, third party research materials, third party financial modeling software, annual reports, prospecti and filings with the Securities and Exchange Commission as its main sources of information.

Material Risks

As with any investment, loss of principal is a risk of investing in accordance with any investment strategy. The strategies implemented by HPG also are subject to the risks listed below.

General Risks

Market Risk — The market values of securities owned by an account may decline, at times sharply and unpredictably. Market values of securities are affected by a number of different factors. For equity securities, market risk may be more significant in smaller capitalization companies. Market values of fixed income securities may be affected by inflation, changes in interest rates, the credit quality of issuers, and general economic and market conditions. Lower-quality fixed income securities may suffer larger price declines.

Asset Allocation Risk — The performance of a client's account is dependent upon HPG's ability to allocate the client's assets to meet their specific financial objectives. Each client has an allocation designed specifically for their unique financial situation. As a result, particularly over shorter time frames, a client's portfolio may underperform a market benchmark or other accounts that HPG manages.

Investment Manager Selection Risk — The performance of a client's account is also dependent upon HPG's ability to identify Investment Managers whose investment performance will enable the client to meet their financial planning objectives. Investment Managers selected by HPG may or may not meet the client's objectives and may underperform appropriate benchmarks.

Real Estate Securities and Sector Risk — Certain of the accounts may invest in partnerships investing in real estate. The partnerships will be affected by changes in the values of and incomes from the properties they own and/or the credit quality of the mortgage loans they hold. These risks of investing in real estate include:

- declines in the value of real estate
- risks related to general and local economic conditions
- possible lack of availability of mortgage funds
- extended vacancies of properties
- increased competition or overbuilding
- increases in property taxes and operating expenses
- changes in existing laws
- losses due to costs resulting from the clean-up of environmental problems
- liability to third parties for damages resulting from environmental problems
- casualty or condemnation losses
- limitations on rents
- changes in neighborhood values and the appeal of properties to tenants
- changes in interest rates

An economic downturn could have a material adverse effect on the real estate markets and on real estate companies in which the partnership invests, which in turn could result in the partnership not achieving its investment objectives.

The yields available from investments in real estate depend on the amount of income and capital appreciation generated by the related properties. Income and real estate values may also be adversely affected by such factors as applicable laws (e.g., Americans with Disabilities Act and tax laws), interest rate levels, and the availability of financing. If the properties do not generate sufficient income to meet operating expenses, including, where applicable, debt service, ground lease payments, tenant improvements, third-party leasing commissions and other capital expenditures, the income to the partnership will be adversely affected. In addition, real property may be subject to the quality of credit extended and defaults by borrowers and tenants. The performance of the economy in each of the regions in which the real estate owned by the partnership is located affects occupancy, market rental rates and expenses and, consequently, has an impact on the income from such properties and their underlying values. The financial results of major local employers also may have an impact on the cash flow and value of certain properties. In addition, real estate investments are relatively illiquid and, therefore, the ability of partnerships to vary their accounts promptly in response to changes in economic or other conditions is limited.

Equity Risks

Common Stock Risk — Stocks may decline significantly in price over short or extended periods of time. Price changes may occur in the market as a whole, or they may occur in only a particular country, company, industry, or sector of the market. In addition, the types of stocks in which a particular fund invests, such as value stocks, growth stocks, large-capitalization stocks, mid-capitalization stocks, small-capitalization stocks and/or micro-capitalization stocks, may underperform the market as a whole. In addition, growth stocks can be more volatile than other types of stocks. Value stocks can continue to be undervalued by the market for long periods of time. Additionally, dividends paid on common stocks can vary significantly over the short-term and long-term. Dividends on common stocks are not fixed, but are declared at the discretion of an issuer's board of

directors. There is no guarantee that the issuers of common stocks in which an account invests will declare dividends in the future or that if declared they will remain at current levels or increase over time.

Mid-Cap/Small-Cap Stock Risk — Small-cap companies may lack the management expertise, financial resources, product diversification, and competitive strengths of larger companies. In addition, the frequency and volume of their trading may be less than is typical of larger companies, making them subject to wider price fluctuations. In some cases, there could be difficulties in selling the stocks of small-cap companies at the desired time and price. Mid-cap companies may have limited product lines, markets or financial resources, and they may be dependent on a limited management group. Stocks of small-cap and mid-cap companies may be subject to more abrupt or erratic market movements than those of large, more established companies or the market averages in general.

Fixed Income Risks

Credit Risk — Credit risk is the risk that an issuer of a debt security will be unable to make interest and principal payments when due and the related risk that the value of a security may decline because of concerns about the issuer's ability to make such payments. Credit risk may be heightened for accounts that may invest in "high yield" securities.

Income Risk — The income earned from an account may decline because of falling market interest rates. Also, if an account invests in inverse floating rate securities, whose income payments vary inversely with changes in short-term market rates, the account's income may decrease if short-term interest rates rise.

Interest Rate Risk — Interest rate risk is the risk that the value of an account will decline because of rising interest rates. Interest rate risk is generally lower for shorter-term investments and higher for longer-term investments. Duration is a common measure of interest rate risk. Duration measures a bond's expected life on a present value basis, taking into account the bond's yield, interest payments and final maturity. The longer the duration of a bond, the greater the bond's price sensitivity to changes in interest rates.

During periods of declining interest rates, the issuer of certain types of securities may exercise its option to prepay principal earlier than scheduled, forcing an account to reinvest in lower yielding securities. This is known as call or prepayment risk. Debt securities frequently have call features that allow the issuer to repurchase the security prior to its stated maturity. An issuer may redeem an obligation if the issuer can refinance the debt at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer.

During periods of rising interest rates, the average life of certain types of securities may be extended because of lower than expected principal payments. This may lock in a below market interest rate, increase the security's duration and reduce the value of the security. This is known as extension risk. Market interest rates for investment grade

fixed-income securities are currently significantly below the historical average rates for such securities. This decline may have increased the risk that these rates will rise in the future; however, historical interest rate levels are not necessarily predictive of future interest rate levels.

Municipal Securities Tax Risk — Income from municipal bonds that may be held by an account could be declared taxable because of unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service or state tax authorities, or noncompliant conduct of a bond issuer. In addition, a portion of an account's otherwise exempt dividends may be taxable to those shareholders subject to the federal alternative minimum tax.

International Risks

International Investing Risk — Investing in securities or issuers in markets other than the United States involves risks not typically associated with U.S. investing, such as currency risk, risks of trading in foreign securities markets, and political and economic risks.

Currency Risk — Because the foreign securities in which the accounts invest, with the exception of depositary receipts, generally trade in currencies other than the U.S. dollar, changes in currency exchange rates will affect the account's net asset value, the value of dividends and interest earned, and gains and losses realized on the sale of securities. A strong U.S. dollar relative to these other currencies will adversely affect the value of an account.

Foreign Securities Market Risk — Securities of many non-U.S. companies may be less liquid and their prices more volatile than securities of comparable U.S. companies. Securities of companies traded in many countries outside the U.S., particularly emerging markets countries, may be subject to further risks due to the inexperience of local investment professionals and financial institutions, the possibility of permanent or temporary termination of trading, and greater spreads between bid and asked prices for securities. In addition, non-U.S. stock exchanges and investment professionals are subject to less governmental regulation, and commissions may be higher than in the United States. Also, there may be delays in the settlement of non-U.S. stock exchange transactions.

Political and Economic Risks — International investing is subject to the risk of political, social, or economic instability in the country of the issuer of a security, the difficulty of predicting international trade patterns, the possibility of the imposition of exchange controls, expropriation, limits on removal of currency or other assets, and nationalization of assets.

Additionally, an account's income from foreign issuers may be subject to non-U.S. withholding taxes. Non-U.S. companies generally are not subject to uniform accounting, auditing, and financial reporting standards or to other regulatory requirements that apply to U.S. companies; therefore, less information may be available to investors concerning non-U.S. issuers. In addition, some countries restrict to varying degrees foreign

investment in their securities markets. These restrictions may limit or preclude investment in certain countries or may increase the cost of investing.

To the extent an account invests in depositary receipts, the account will be subject to the same risks as when investing directly in foreign securities.

Private Fund Risks

Investing in privately-operated funds may present more investment risk than investing in a registered fund. Types of privately-offered funds include hedge funds, managed futures funds, private equity funds, and venture capital funds. Some private funds invest exclusively in other private funds.

A private fund may borrow money or trade on margin, at times borrowing far more than the fund's capital. Private funds also may sell securities short (sell securities they do not own) which may magnify losses if the manager has incorrectly predicted that the value of the short sold stock will decline. Private funds may invest in securities with higher levels of risk, such as high yield bonds, distressed securities, and early-stage private companies. Many private fund advisers are now registered with the SEC or the state, as a result of Dodd- Frank. Despite this, there may be a lack of transparency about a private fund's operations. Private funds typically charge an asset-based fee and a performance fee, which presents a potential conflict of interest for the private fund's manager, who may take on more risk in the hopes of earning a higher performance fee. There is no secondary market for an investor's interest in a private fund, and typically there are restrictions on transferring interests in a private fund. Clients who contemplate an investment in private funds should consult their tax advisor, and carefully read the private fund's offering documents.

DISCIPLINARY INFORMATION [Item 9]

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of or the integrity of HPG or its management persons.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS [Item 10]

Neither HPG nor any of its management persons is registered, or has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, or as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Certain of HPG's personnel are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While HPG does not sell such insurance products to its investment advisory clients, HPG does permit its personnel, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that HPG

recommends the purchase of insurance products where HPG's personnel receive insurance commissions or other additional compensation. HPG manages this conflict through disclosure to clients in this Brochure.

HPG may also recommend that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment manager(s) ("Independent Manager(s)"), based upon the stated investment objectives of the client. The terms and conditions under which the client will engage the Independent Manager(s) will be set forth in separate written agreements between (1) the client and HPG and (2) the client and the designated Independent Manager(s). HPG will continue to render advisory services to the client relative to the ongoing monitoring and review of account performance, for which HPG will receive an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated Independent Manager(s). Factors that HPG will consider in recommending Independent Manager(s) include the client's stated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated Independent Manager(s), together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, HPG's investment advisory fee set forth above. As discussed above, the client may incur additional fees other than those charged by HPG, the designated Independent Manager(s), and corresponding broker-dealer and custodian.

In addition to HPG's written disclosure statement, the client will also receive the written disclosure statement of the designated Independent Manager(s). Certain Independent Manager(s) may impose more restrictive account requirements and varying billing practices than HPG. In such instances, HPG may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Manager(s).

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING [Item 11]

Code of Ethics

HPG and persons associated with HPG ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with HPG's policies and procedures.

HPG has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("Code of Ethics"). In accordance with Section 204A of the Advisers Act, its Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by HPG or any of its associated persons. The Code of Ethics also requires that certain of HPG's personnel (called "Access Persons") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings. Clients may contact HPG to request a

copy of its Code of Ethics.

Unless specifically permitted in HPG's Code of Ethics, none of HPG's Access Persons may invest in a security, for themselves or for their immediate family (*i.e.*, spouse, minor children, and adults living in the same household as the Access Person) on the same day during which HPG is investing on behalf of its clients.

BROKERAGE PRACTICES [Item 12]

Broker-Dealer Selection

The brokerage commissions and/or transaction fees charged by Fidelity, Brown Brothers Harriman & Co. or any other designated broker-dealer are exclusive of and in addition to HPG's fee.

Factors which HPG considers in recommending Fidelity, Brown Brothers Harriman and Co. or any other broker-dealer, to clients include their respective financial strength, reputation, execution, pricing, research, and service.

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

Fidelity enables HPG to obtain many mutual funds without transaction charges. Fidelity and Brown Brothers Harriman and Co. enable HPG to obtain other securities at nominal transaction charges. The commissions and/or transaction fees charged by Fidelity and Brown Brothers Harriman and Co. may be higher or lower than those charged by other broker-dealers.

Additionally, HPG may receive the following benefits from Fidelity through the Fidelity Institutional Wealth Services and from Brown Brothers Harriman & Co.: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Registered Investment Advisor Group participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

HPG may receive from Fidelity and Brown Brothers Harriman & Co., without cost to HPG, computer software and related systems support, which allow HPG to better monitor client accounts maintained at Fidelity and Brown Brothers Harriman & Co. HPG may receive the software and related support without cost because HPG renders investment management services to clients that maintain assets at Fidelity and Brown Brothers Harriman and Co. The software and related systems support may benefit HPG, but not its clients directly. Clients should be aware that HPG's receipt of economic benefits from Fidelity and Brown Brothers Harriman & Co. creates a conflict of interest since HPG has an incentive to select or recommend one of these firms based on its interest in receiving

the computer software and related systems support.

HPG does not consider, in selecting or recommending broker-dealers, whether it receives client referrals from a broker-dealer or third party.

Directed Brokerage

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

Aggregation of Trades

Transactions for each client generally will be effected independently, unless HPG decides to purchase or sell the same securities for several clients at approximately the same time.

HPG may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among HPG's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among HPG's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that HPG determines to aggregate client orders for the purchase or sale of securities, including securities in which HPG's Advisory Affiliate(s) may invest, HPG will generally do so in accordance with applicable SEC guidance. HPG will not receive any additional compensation or remuneration as a result of the aggregation.

In the event that HPG determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other accounts, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases

when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, HPG may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

When purchasing secondary interests in private partnerships of limited quantity, typically HPG is not able to allocate the partnership interests on a prorated basis. In such circumstances HPG will base allocation decisions on other relevant factors which may include: (i) does the client meet the SEC suitability standards to invest in the partnership (ii) is the partnership an appropriate investment given the client's investment guidelines (iii) does the client have the requisite liquidity to invest in the partnership given the time requirements for making the investment (iv) is the client already an investor with the sponsoring firm (v) is the client already invested in the partnership and thereby familiar with the partnership (vi) does the client have sufficient liquidity in other assets to make an illiquid investment (vii) is the client already invested in and thereby familiar with illiquid partnerships.

REVIEW OF ACCOUNTS [Item 13]

For those clients to whom HPG provides investment management services, HPG monitors their accounts as part of an ongoing process. HPG reviews each account at least quarterly and typically meets with each client either in person or by phone on an annual basis. For those clients to whom HPG provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of HPG’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with HPG and to keep HPG informed of any changes thereto. HPG will contact ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom HPG provides investment advisory services for a fee will also receive a written report from HPG at least quarterly that may include an inventory of account holdings and account performance.

Those clients to whom HPG provides financial planning and/or consulting services will receive reports from HPG summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by HPG.

CLIENT REFERRALS AND OTHER COMPENSATION [Item 14]

HPG does not compensate others for client referrals and does not accept economic

benefits from non-clients in connection with giving advice to clients (other than as stated in Item 12).

CUSTODY [Item 15]

Clients should carefully review the account statements they receive from their broker-dealer or custodian and compare them with the statements or reports received from HPG.

INVESTMENT DISCRETION [Item 16]

HPG manages client assets on a discretionary and a non-discretionary basis, depending on the investments in the account. HPG may have discretion over some assets in a client's account, but not others in the same account. Whether HPG has discretion to remove and replace an Independent Manager for a client will depend on the broker-dealer or bank the client has selected to hold its account.

HPG generally obtains a client's written consent to its discretionary authority with respect to the client's assets in the form of an executed investment advisory agreement or other comparable services agreement prior to providing discretionary advisory services. HPG's discretionary authority over an account may be subject to directions, guidelines and limitations imposed by the client, but HPG will not, however, be able to accommodate investment restrictions that are unduly burdensome or materially incompatible with its investment approach. When HPG does not have discretion over assets in a client's account, HPG must seek the client's prior consent before trading in the account.

VOTING CLIENT SECURITIES [Item 17]

HPG does not vote proxies on behalf of its clients.

FINANCIAL INFORMATION [Item 18]

HPG does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance and, thus, has not included a balance sheet of its most recent fiscal year. HPG is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients, nor has HPG been the subject of a bankruptcy petition at any time during the past ten years.