



**REDHAWK WEALTH ADVISORS™**

**ADV Part 2A Appendix 1  
Redhawk Wealth Advisors Wrap Fee Program Brochure**

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This wrap fee program brochure provides information about the qualifications and business practices of Redhawk Wealth Advisors, Inc. If you have any questions about the contents of this brochure, please contact Redhawk at (952) 835-4295 or [support@redhawkwa.com](mailto:support@redhawkwa.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.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training. Additional information about Redhawk Wealth Advisors, Inc. also is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 146616.

### **Material Changes**

This document will be used to provide Clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information. Material changes made to this document since the last update, include the following:

1. Updated AUM and AUA as of 12/31/2016.
2. Updated address.
3. Added Mid Atlantic Trust Company as a custodian.

Redhawk will ensure that Clients receive a summary of any material changes to this and subsequent wrap fee brochures within 120 days of the close of Redhawk's fiscal year. Furthermore, Redhawk will provide Clients with other interim disclosures about material changes as necessary.

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## 1. Services, Fees, and Compensation

### 1.1 Introduction

Redhawk Wealth Advisors, Inc. (“Redhawk”) is an SEC-registered investment advisor with its principal place of business based in Edina, Minnesota. Redhawk began conducting business in 2008. Redhawk primarily provides investment advisory services to individuals, trusts, estates, charitable organizations, foundations, endowments, corporations, captive insurance companies (“CIC” or “CICs”), qualified retirement plans, or other businesses not listed above (collectively referred to herein as “Client” or “Clients”).

As of 12/31/2016, Redhawk discloses \$701,262,464 in total assets representing \$663,562,319 in Assets under Management (“AUM”) and \$37,700,145 in Assets under Administration (“AUA”).

AUM shall mean assets that are invested under either a Redhawk Unified Managed Account Agreement (or “RUMA”), a Wrap Agreement, a Discretionary Investment Advisory Agreement (or “OIP”), an ERISA 3(21) Investment Advisor Agreement, or an ERISA 3(38) Investment Management Agreement. AUA shall mean all other Client assets under advisement by an Investment Advisor Representative (“IAR”) affiliated with Redhawk.

Redhawk offers a discretionary advisory service program for high net worth individuals (the “Advisory Services”) whereby Redhawk manages Client accounts for a single all-inclusive fee.

#### Advisory Services Program

- Investment manager due diligence.
- Investment manager selection, monitoring and replacement.
- Ongoing discretionary investment management.
- Tax optimization and tax loss harvesting, as applicable.
- Portfolio personalization.
- Quarterly account statements.
- Quarterly performance reporting.
- Monthly investment monitoring reporting.
- Weekly commentary and portfolio signals email.
- Fee billing.
- Custody and clearance of securities included at no additional charge.
- Execution of security transactions and costs included at no additional charge.
- Assigned personal financial advisor, if applicable.
- Minimum overall relationship size: \$250,000.

A local personal financial advisor can be assigned by Redhawk, at its discretion, based on the needs of the Client. Advice is based on the Client’s financial situation as evidenced by accounts the Client has provided as well as detailed information about their personal circumstances which may include their age, investible assets, time horizon, risk tolerance, expectations, goals, investment restrictions, etc.

### 1.2 Redhawk Advisors Fees and Expenses

Redhawk has four (4) fee options and charges a single fee based on the value of the Client’s assets. The single fee includes portfolio management, trading commissions, custody service, and financial advisor fees (if applicable). Fees are calculated and deducted on a quarterly basis advance on the first day of each calendar quarter. The quarterly payment shall be equal to 1/4 of the fee multiplied by the value of the Wrap Account as of the close of the last trading day of the preceding calendar quarter, as reported by the Custodian. Redhawk reserves the right to adjust the fee at its full discretion for any Client.

Clients are required to establish brokerage accounts at a qualified custodian (“Custodian” or “Custodians”) identified by Redhawk. All identified Custodians are member firms of FINRA and SIPC. The current identified Custodian(s) are:

- TD Ameritrade
- Fidelity
- Mid Atlantic Trust Company

All Redhawk’s Client’s assets are in custody at the above listed Custodians. The Custodians are not affiliated with Redhawk.

In determining whether to establish an account, a Client should be aware that the overall cost of the Advisory Services may be higher or lower than the Client might incur by purchasing separately the types of securities available through the Advisory Services. In order to compare the cost of the Advisory Services with unbundled services, the Client should consider the turnover rate in Redhawk’s investment strategies, trading activity in the account, standard advisory fees and brokerage commissions that would be charged at other broker-dealers and investment advisors.

The Client authorizes Redhawk to debit the advisory fee due from the Client’s account. If insufficient cash is available to pay such fees, securities in an amount equal to the balance of unpaid fees will be liquidated to pay for the unpaid balance. Redhawk reserves the right to reduce the fee at its discretion, including for promotional events that may result in complimentary or reduced advisory fees for new Clients, and/or to current Clients. On an annualized basis, Redhawk’s fee for the Advisory Services is based on the following schedule:

<b>Household Wrap Account Assets</b>	<b>Investment Manager Fee</b>	<b>Advisor Fee</b>	<b>Total Investment Management Fee</b>
\$250,000 - \$499,999	0.875%	0.875%	1.75%
\$500,000 - \$999,999	0.750%	0.750%	1.50%
\$1,000,000 - \$4,999,999	0.625%	0.625%	1.25%
\$5,000,000 or more	0.500%	0.500%	1.00%

### 1.3 Other Fees and Expenses

All fees paid to Redhawk, for Advisory Services are separate and distinct from the fees and expense ratio charged by exchange traded funds (“ETF” or “ETFs”), mutual funds, closed-end investment companies, or other managed investments. The specific fees and expenses are described in each fund’s prospectus or ADV.

In addition to the aforementioned, there may be other costs assessed, which are not included in the Advisory Services fees, such as charges for transactions not executed through the Custodian, costs associated with exchanging currencies, wire transfer fees, or other fees required by law.

### 1.4 Advisor Representative Compensation

Registered Investment Advisor Representatives of Redhawk may receive compensation for providing the Advisory Services.

## 2. Account Requirements and Types of Clients

Redhawk Advisory Services has a minimum relationship size of \$250,000. The minimum values may be reduced or waived at Redhawk’s discretion.

### 3. Investment Selection and Evaluation

#### 3.1 Investments

The following strategies are available:

- Bond (both taxable and tax-sensitive)
- Conservative (both taxable and tax-sensitive)
- Moderate Conservative (both taxable and tax-sensitive)
- Moderate (both taxable and tax-sensitive)
- Moderate Aggressive (both taxable and tax-sensitive)
- Aggressive (both taxable and tax-sensitive)
- High Income (taxable only)

#### 3.2 Selection and Evaluation

Redhawk uses the following methods of analysis in formulating investment advice and/or managing Client assets.

Redhawk has a formal Investment Committee (“RIC”) that meets on a weekly basis and operates under a formalized charter and set of policies and procedures outlined under the Redhawk Investment Provider Selection and Monitoring Methodology document. RIC is responsible for the selection, monitoring, and termination/replacement of investments. Redhawk makes available to Clients investments that have varied investment philosophies and strategies that cover fixed income, tactical managers, strategic allocation managers, and alternative investments encompassing a broad range of investment solutions.

**Frequency:** RIC is aware that the ongoing review and analysis of the investment provider and sub-advisor is just as important as the initial selection. Investment performance will be monitored on a weekly basis, and it is at Redhawk’s discretion to take corrective action by either terminating or replacing an investment if deemed appropriate at any time. RIC intends to evaluate investment performance from a long-term perspective. RIC makes available to affiliated and non-affiliated advisors an advisory communication that summarizes the opinions of the RIC for each investment offered to Clients.

**Selection Criteria:** RIC will use the information submitted by the investment company as required under the Redhawk Investment Provider Due Diligence Request for Information (“RFT”) document. RIC will review the information and make a decision using various criteria.

**Monitoring:** The ongoing monitoring of investments is a regular and disciplined process. Monitoring confirms that the criteria remain satisfied and that an investment continues to be appropriate. The process of monitoring investment performance relative to specified guidelines will be consistently applied. Frequent change of investments is neither expected nor desired. Monitoring will utilize some of the same selection criteria used in the selection analysis. Unusual, notable, or extraordinary events will be communicated to the financial advisor and Client on a timely basis. Examples of such events include investment manager or team departure, violation of investment guidelines, material litigation against the firm, or material changes in firm ownership structure and announcements thereof.

RIC has established performance objectives for each investment. Investment manager performance will be evaluated in terms of an appropriate market index (e.g., the S&P 500 Index for the large-cap domestic equity manager), the relevant benchmark, or peer group (e.g., the large-cap growth mutual fund universe for a large-cap growth mutual fund). RIC will exercise discretion and reasonable judgment in the monitoring process. In fulfilling RIC’s ongoing duty, certain indicators have been selected to assist in determining whether a particular investment remains a suitable investment for the plan.

**Replacement/Termination:** RIC will give consideration to either replacing or terminating an investment if one or several of the following conditions occur. Each month, the investments are scored by reviewing a number of key criteria for each portfolio and any company related activities. Enclosed below is a summary of our monitoring criteria.

The levels consist of:

1. **Approved** - The investment has been approved by the RIC without any investment restrictions other than a minimum account balance and suitability.
2. **Watch List** - The investment has been placed on the watch list for any one of the following criteria listed below:
  - a. The investment significantly underperforms without a justifiable rationale.
  - b. The investment fails to achieve performance and risk objectives.
  - c. The investment fails to maintain a consistent investment style.
  - d. The investment fails to satisfy a minimum score for a certain period of time.
  - e. There is a material change in the investment company, investment philosophy, and/or personnel.
  - f. Any legal, Securities and Exchange Commission (SEC), and/or other regulatory agency proceedings affecting the investment company's organization.
3. **Restricted List** - The investment can be placed on the Restricted List for any one of the criteria listed under the Watch List due to the severity of the issue. In addition, the investment can also be placed on the Restricted List for any of the following:
  - a. The investment is no longer offered by the investment provider.
  - b. The RIC may also remove any investment at any time and for whatever reason it deems appropriate, including a determination that the investment is no longer suitable for Clients.

Once an investment is placed on the Restricted List, the RIC will give consideration to replacing, terminating, or restricting the investment. The following courses of action are available.

- **Severity 1** - Keep the investment and limit the amount of new assets that can be placed in the investment. This may have a temporary timeframe or a permanent timeframe.
- **Severity 2** - Keep the investment and freeze the assets with the investment and do not allow any new assets to be invested in the investment. This may have a temporary timeframe or a permanent timeframe.
- **Severity 3** – Terminate the investment and replace with an investment that is similar to the terminated investment. Map all of the assets to the replacement investment.

### 3.3 Performance Based Fees

Redhawk does not offer performance based fee arrangements.

### 3.4 Voting Client Securities

As a matter of firm policy, Redhawk does not vote proxies on behalf of Clients. Therefore, although Redhawk may provide investment advisory services relative to Client investment assets, Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the Client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the Client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the Client copies of all proxies and shareholder communications relating to the Client's investment assets. Redhawk does not offer any consulting assistance regarding proxy issues to Clients.

#### **4. Client Information**

Redhawk receives at the outset of the Client onboarding process and updates at least annually, all Client information necessary to provide investment management services under the program, including Client financial and income information, and risk tolerance information.

#### **5. Client Contact with Investment Managers**

Clients are welcome and encouraged to contact Redhawk at any time to arrange for a call with a representative from the RIC.

#### **6. Additional Information**

##### **6.1 Disciplinary Information**

Redhawk is required to disclose any legal or disciplinary events that are material to a Client's or prospective Client's evaluation of Redhawk's advisory business or the integrity of Redhawk's management. Redhawk's management personnel have no reportable disciplinary events to disclose.

##### **6.2 Other Financial Industry Activities and Affiliations**

Management personnel of Redhawk and IARs, in their individual capacities, may act as agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory Clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the Client.

Additionally, management personnel of Redhawk and IARs may engage in outside business activities including the sale of precious metals products. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory Clients. Again, Clients are not under any obligation to engage these individuals when considering implementation of these outside recommendations. The implementation of any or all recommendations is solely at the discretion of the Client.

Lastly, management personnel of Redhawk and IARs may engage in outside business activities as business services consultants assisting businesses in providing payroll, human resource management, and other business services. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing these services. Again, Clients are not under any obligation to engage these individuals when considering implementation of these outside services. The implementation of any or all recommendations is solely at the discretion of the Client.

Redhawk endeavors at all times to put the best interest of its Clients first as part of Redhawk's fiduciary duty as a registered investment advisor; Redhawk takes the following steps to address this:

- Disclose to Clients the existence of all material conflicts of interest, including the potential for Redhawk and Redhawk employees to earn compensation from advisory Clients in addition to Redhawk's advisory fees;
- Disclose to Clients that they are not obligated to purchase recommended investment products from Redhawk employees or Redhawk affiliated companies;
- Collect, maintain and document accurate, complete and relevant Client background information, including the Client's financial goals, objectives and risk tolerance; Redhawk's management conducts regular reviews of each Client account to verify that all recommendations made are in the best interest of the Client;
- Require that Redhawk employees seek prior approval of any outside employment activity so that Redhawk may ensure that any conflicts of interests in such activities are properly addressed;



- Periodically monitor outside employment activities to verify that any conflicts of interest continue to be properly addressed by Redhawk; and
- Educate Redhawk employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to Clients.

### **6.3 Code of Ethics**

Redhawk has adopted a Code of Ethics which sets forth high ethical standards of business conduct that Redhawk require of its employees and is compliant with applicable federal securities laws.

Redhawk and its personnel owe a duty of loyalty, fairness, and good faith towards Clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code. Redhawk's Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, Redhawk's Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Redhawk's Code of Ethics also provides for oversight, enforcement and recordkeeping provisions.

Redhawk's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While Redhawk does not believe that it has any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

You may request a copy by sending an email to [support@redhawkwa.com](mailto:support@redhawkwa.com), or by calling Redhawk at 888-835-4295.

### **6.4 Review of Accounts**

While the underlying securities within Clients' accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of the investment objectives and guidelines of each investment as well as any investment restrictions provided by the Client. More frequent reviews may be triggered by material changes in variables such as the Client's individual circumstances, or the market, political or economic environment. These accounts are reviewed by Redhawk's Chief Compliance Officer or other members of senior management. Additional reviews of Client accounts are conducted by IARs.

In addition to the monthly statements and confirmations of transactions that Clients receive from their broker-dealer, Redhawk provides quarterly reports summarizing account performance and balances. These reports will also remind the Client to notify Redhawk if there have been changes in the Client's financial situation or investment objectives and whether the Client wishes to impose investment restrictions or modify existing restrictions. Redhawk will also provide a monthly monitoring report to Clients that are in a wrap account.

### **6.5 Client Referrals and Other Compensation**

Redhawk may enter into arrangements with independent third-parties such as other financial advisors, broker-dealers, or their representatives whereby Redhawk may pay a fee for each Client referred by such financial advisor, broker-dealer, or representative. It is Redhawk's policy not to accept or allow related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-Client in conjunction with the advisory services Redhawk provides to Clients.

### **6.6 Financial Information**

Under no circumstances does Redhawk require or solicit payment of fees in excess of \$1,200 per Client more than six months in advance of services rendered. Therefore, Redhawk is not required to include a financial statement. As an advisory firm that maintains discretionary authority for Client accounts, Redhawk is also required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual obligations. Redhawk has

no additional financial circumstances to report. Redhawk has not been the subject of a bankruptcy petition at any time during the past ten years.

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