



Homrich Berg  
3060 Peachtree Road, Suite 830  
Atlanta, GA 30305  
404-264-1400  
[www.homrichberg.com](http://www.homrichberg.com)

03/30/2018

This Brochure (also known as Form ADV Part 2A) provides information about the qualifications and business practices of Homrich Berg. If you have any questions about the contents of this Brochure, please contact us at 404-264-1400. 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.

Homrich Berg is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Homrich Berg also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Material Changes

This Brochure 03/30/2018 is an updated version of the Brochure filed with the SEC, which was dated 3/23/2017. The following is a material change to the brochure resulting from the Department of Labor Fiduciary Rule becoming applicable on 6/9/17. It can be found in Item 4 of this Brochure.

### **Recommendations to individuals investing through ERISA Plan accounts and/or individuals investing through Individual Retirement Accounts (IRA's).**

The Employee Retirement Income Security Act of 1974 ("ERISA") governs plan accounts including but not limited to 401(k), Profit Sharing Plans, Pension Plans, and 403(b) plans. The Internal Revenue Code ("the Code") governs accounts including but not limited to Individual Retirement Accounts (IRA's).

A "Retirement Investor" includes either: (1) A participant or beneficiary of an ERISA Plan account, or (2) the beneficial owner of an IRA acting on behalf of the IRA.

Homrich Berg and its Advisors act as a fiduciary under ERISA or the Code, or both, with respect to any investment advice provided by Homrich Berg or its Advisors to a Retirement Investor regarding an ERISA Plan participant account or an IRA account as described above.

Homrich Berg and its Advisors will adhere to the following standards and, in fact, we comply with these standards:

- (1) When providing investment advice to our Retirement Investors, Homrich Berg and our Advisors provide investment advice that is, at the time of the recommendation, in the Best Interest of our Retirement Investors. Such advice reflects the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk tolerance, financial circumstances, and needs of the Retirement Investor, without regard to the financial or other interests of Homrich Berg, its Advisors, or any other related entity or party.
- (2) Investment recommendations to our Retirement Investors will not cause Homrich Berg, its Advisors, or any other related entity or party to receive, directly or indirectly, compensation for their services that is in excess of reasonable compensation within the meaning of ERISA section 408(b)(2) and the Code section 4975(d)(2).

- (3) Statements by Homrich Berg and its Advisors to our Retirement Investor about the recommended transaction, fees and compensation, Material Conflicts of Interest, and any other matters relevant to a Retirement Investor's investment decisions, will not be materially misleading at the time they are made.

Currently, a full copy of our Brochure may be requested by contacting April Jones, Marketing Manager, at 404-264-1400 or [jones@homrichberg.com](mailto:jones@homrichberg.com).

Additional information about Homrich Berg is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any Homrich Berg employees who are registered as investment adviser representatives of Homrich Berg.

## Table of Contents

Item 1 – Cover Page .....	i
Item 2 – Material Changes.....	ii
Item 3 - Table of Contents .....	iv
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	4
Item 6 – Performance-Based Fees and Side-By-Side Management .....	6
Item 7 – Types of Clients.....	6
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	7
Item 9 – Disciplinary Information .....	8
Item 10 – Other Financial Industry Activities and Affiliations.....	8
Item 11 – Code of Ethics.....	11
Item 12 – Brokerage Practices .....	12
Item 13 – Review of Accounts .....	12
Item 14 – Client Referrals and Other Compensation.....	17
Item 15 – Custody .....	20
Item 16 – Investment Discretion .....	21
Item 17 – Voting Client Securities .....	21
Item 18 – Financial Information .....	21
Item 19 – Requirements for State-Registered Advisers .....	22
Brochure Supplement(s)	

#### **Item 4 – Advisory Business**

Homrich Berg was founded in 1989. Homrich Berg's principal owner is Andrew Berg. Additional owners of HB are Franklin Butterfield, Anthony Guinta, Adam Fuller, Andrew Klepchick, William Bolen, Frank Waterson, Tricia Mulcare, Wayne Moss, Stephanie Lang, Robin Aiken, Paul Ribes, Ross Bramwell, Benjamin Riddick, John Taylor, Christopher Kowal, and James Ruff.

Homrich Berg primarily provides wealth management services. We provide these services mainly to individuals and families, but also to trusts, retirement plans, corporate entities and family offices. Homrich Berg's investment management services involve the review of client portfolios with respect to stated investment objectives, other outside assets of the client, and the obligations of the client. Homrich Berg also provides specific investment advice solely on the basis of investment objectives and instructions received from the client. HB offers consolidated quarterly investment capital reports.

Homrich Berg considers the client's specific goals and risk tolerance and our capital markets outlook when directing assets to investments.

Investment purchases are generally made through our primary custodian of client accounts, Charles Schwab & Company, but may also include Fidelity Investments or TD Ameritrade if appropriate. Using the custodian's services, each client opens a custodial/brokerage account and authorizes Homrich Berg to effect transactions on his or her behalf. The custodian's services offers the client the advantage of, among other things, online access to accounts, a dedicated service team for handling client matters, and a broad range of investment and asset management options. Each of the custodians offer consolidated statements of account.

Homrich Berg provides its clients with a periodic summary of the firm's outlook on the capital markets. In addition, Homrich Berg occasionally sends general industry, individual investments, or economic reports to clients (and at times, other persons) that are believed have a particular interest in the subject of this material.

Homrich Berg consults with its clients on other wealth management matters. Such advice includes, but is not limited to, cash flow planning, planning for retirement income needs, wealth transfer and estate planning, insurance planning, income tax planning, and other non-security services agreed upon by Homrich Berg and the client. These services may be referred to as financial planning or some similar term.

All investment management and financial planning services clients retain Homrich Berg by entering into a written agreement. This agreement may be terminated within five (5) days

of the executing date of the agreement or by either party with a written notice thirty (30) days prior to termination as agreed upon. Fees will be prorated to the date of the termination as specified in the notice and any unearned portion of prepaid fees will be refunded to the client.

### **Portfolio Accounting and Reporting**

HB uses Black Diamond Performance Reporting for portfolio accounting and client performance reporting. Clients have online access to view portfolio holdings, performance, and other portfolio attributes. Market values in Black Diamond are updated daily and include accrued interest and accrued dividends. Client accounts are reconciled daily by Black Diamond. Valuations of private alternative investments, including hedge funds, private equity, and other private securities are updated by HB as valuations are provided to us by the fund managers.

HB invests in pooled hedge fund entities. The values and returns for pooled hedge fund entities are computed monthly. Final monthly valuations are usually available around the 20<sup>th</sup> business day of the month. To give a more accurate picture of the values of pooled hedge fund entities, HB may use estimates from the hedge fund managers as soon as they are available and update the hedge fund values in client accounts. Generally hedge fund managers provide these estimates beginning on the 5<sup>th</sup> business day of the month for the prior month ending value. HB uses its best efforts to update hedge fund valuations based upon estimates provided by the managers. When the managers deliver the final valuation the last week of the month, HB will update the value if there is a change from the estimate. Quarterly HB Advisory fees will be calculated using the most current hedge fund valuations. In some cases this is an estimate and in other cases it may be the actual value from the prior month. This may result in a higher or lower fee based on the current value of the fund.

HB also invests in other private funds including pooled investments such as private equity, debt, real estate, and natural resources. Valuations are reported quarterly and are based upon the valuation reports received from underlying Fund Managers. The valuations are generally lagged by one quarter such that a quarterly report dated June 30<sup>th</sup> will contain the valuation from March 31<sup>st</sup>, and include capital called and/or distributed during the current quarter (April 1 - June 30). This may result in a higher or lower fee based on the current value of the fund.

### **Legal Proceedings**

HB has engaged a third party service provider, Chicago Clearing Corporation (“CCC”), to monitor and file securities claims class action litigation paperwork with Claims Administrators on behalf of HB Clients. HB may share client information such as name and account number with CCC in connection with this service. HB does not receive any fees or

remuneration in connection with this service nor does it receive any fees from the third party provider(s). CCC will earn a fee of 20% of all claims they collect on behalf of HB Clients. This fee is retained by CCC out of the claims paid by the Claim Administrator. Clients may opt out of this service at any time. If a Client opts out, HB has no obligation to advise or to take any action on behalf of a client in any legal proceedings, including bankruptcies or class actions, involving investments held in or formerly held in a client's account. HB will forward to the client or to the client's custodian any notices received relating to pending class actions involving a client's account.

### **Business Continuity**

HB has developed an immediate and long term contingency and disaster recovery plan ("CDRP") which will be followed in the event of a business disruption. The objectives of the plan are to minimize the impact upon the safety of the firm's employees, protect against the loss or damage of firm assets, and provide alternative site processing with a minimum of inconvenience to firm clients.

A copy of a summary of the CDRP is available upon request. Please contact the Chief Compliance Officer at 404-264-1400 for a copy.

### **Assets Under Management**

Homrich Berg provides discretionary and non-discretionary asset management. We acquired an independent RIA with an effective acquisition date of 1/1/2018, which contributed approximately \$250 Million to our RAUM. Post-acquisition, our Regulatory Assets Under Management are as follows:

Discretionary:	\$ 4,937,834,217
Non-Discretionary:	\$ 658,728,186
Total:	\$ 5,596,562,403

In addition, Homrich Berg also advises clients on assets and makes investment recommendation to clients on assets where Homrich Berg has no ability to place trade for the clients. In this situation, we refer to those assets as "assets under advisement".

**Recommendations to individuals investing through ERISA Plan accounts and/or individuals investing through Individual Retirement Accounts (IRA's).**

The Employee Retirement Income Security Act of 1974 ("ERISA") governs plan accounts including but not limited to 401(k), Profit Sharing Plans, Pension Plans, and 403(b) plans.

The Internal Revenue Code (“the Code”) governs accounts including but not limited to Individual Retirement Accounts (IRA’s).

A “Retirement Investor” includes either: (1) A participant or beneficiary of an ERISA Plan account, or (2) the beneficial owner of an IRA acting on behalf of the IRA.

Homrich Berg and its Advisors act as a fiduciary under ERISA or the Code, or both, with respect to any investment advice provided by Homrich Berg or its Advisors to a Retirement Investor regarding an ERISA Plan participant account or an IRA account as described above.

Homrich Berg and its Advisors will adhere to the following standards and, in fact, we comply with these standards:

- (1) When providing investment advice to our Retirement Investors, Homrich Berg and our Advisors provide investment advice that is, at the time of the recommendation, in the Best Interest of our Retirement Investors. Such advice reflects the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk tolerance, financial circumstances, and needs of the Retirement Investor, without regard to the financial or other interests of Homrich Berg, its Advisors, or any other related entity or party.
- (2) Investment recommendations to our Retirement Investors will not cause Homrich Berg, its Advisors, or any other related entity or party to receive, directly or indirectly, compensation for their services that is in excess of reasonable compensation within the meaning of ERISA section 408(b)(2) and the Code section 4975(d)(2).
- (3) Statements by Homrich Berg and its Advisors to our Retirement Investor about the recommended transaction, fees and compensation, Material Conflicts of Interest, and any other matters relevant to a Retirement Investor's investment decisions, will not be materially misleading at the time they are made.

## **Item 5 – Fees and Compensation**

Homrich Berg’s fee for providing Wealth Management Services (includes but not limited to investment management and financial planning) depends on several factors. The two main factors are (1) the scope, complexity, and frequency of the services to be provided, and (2) the value of the investment capital placed under Homrich Berg’s management. Homrich Berg generally imposes a minimum annual fee for its services as set forth in the schedules below and may negotiate a fee below the annual minimum where circumstances warrant. Homrich Berg may request reimbursement of out-of-pocket expenses it incurs in providing services to its clients.



Homrich Berg's compensation for Wealth Management Services is calculated and payable in accordance with the agreed upon fee schedule. The fee schedule is applied by Homrich Berg to the market value of assets, which includes accrued interest and dividends, (in some cases excluding margin balances; in other cases the margin balances are not excluded) of the client's accounts as reasonably determined by Homrich Berg at the beginning of each calendar quarter. Fees are paid in advance at the beginning of each calendar quarter. If a client terminates their advisory agreement during the quarter, HB will refund the prorated amount of the fee that was paid in advance. Homrich Berg deducts fees from client accounts as described in the client agreement. In some cases, the firm will allow a client to pay by check instead of the account fee deduction. Homrich Berg occasionally provides financial services to clients on an hourly rate basis. Our fees are negotiable.

Homrich Berg's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment managers and other third parties such as margin interest, trade away fees, management fees, custodial fees, 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. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. We advise each client to read the appropriate prospectus for mutual funds & ETF's in addition to the Operating Agreement and Offering Memorandum of Private Investment Partnerships for a list of expenses. Such charges, fees and commissions are exclusive of and in addition to Homrich Berg's fee, and Homrich Berg shall not receive any portion of these commissions, fees, and costs. Item 12 further describes the factors that Homrich Berg considers in selecting or recommending brokers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

HB's current standard fee schedule is listed below, subject to a minimum annual fee of \$10,000. In some cases a legacy client may pay a higher fee than the schedule below.

#### INVESTMENT MANAGEMENT SERVICES

<b>Market Value of Portfolio</b>	<b>Annual Fee</b>
First \$ 2,000,000	1.00%
Next \$ 3,000,000	0.75%
Over \$ 5,000,000	0.50%

#### FINANCIAL PLANNING AND INVESTMENT MANAGEMENT SERVICES

<b>Market Value of Portfolio</b>	<b>Annual Fee</b>
First \$ 5,000,000	1.00%
Next \$ 5,000,000	0.75%
Over \$ 10,000,000	0.50%

Payment of fees may be paid directly to HB by the client, or payment of fees may be made by the independent custodian holding the client's investments.

When payment is to be made by the custodian:

- (1) The client provides written authorization permitting the fees to be paid directly from the client's account held by the custodian;
- (2) HB provides the custodian the amount of the fee;
- (3) HB sends to the client an invoice that shows the amount of the fee, the value of the client's assets upon which the fee is based, and the specific manner in which the fee is calculated;
- (4) The custodian discloses to the client that it is the client's responsibility to verify the accuracy of the fee calculation and that the custodian has not determined whether the calculation is properly made; and
- (5) The custodian sends to the client an account statement that shows all amounts disbursed from the client's account.

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

Performance fees include fees based upon the investment performance of an account or overall portfolio. Homrich Berg does not charge any such performance-based fees. Such performance fees may come with an inherent conflict of interest for a manager to take on additional risk in order to attempt to achieve a higher return thereby increasing the management fee. HB does not ever wish to be in this position so we have removed that potential conflict from our relationship with our clients.

#### **Item 7 – Types of Clients**

Homrich Berg provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, private investment funds, trusts, and an investment company.

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

Investing in securities involves risk of loss that clients should be prepared to bear. Homrich Berg provides advice on securities such as mutual funds, exchange traded funds (ETF's), exchange traded notes (ETN's), bonds, stocks, hedge funds, private equity funds, real estate funds, and natural resources funds. Our methods of analysis, investment strategies, and certain risks are described below.

### **Third-party equity and fixed income mutual funds, ETFs/ETNs, hedge funds, private partnerships - *Methods of Analysis***

**Quantitative Analysis** – When evaluating third-party managers, we use a variety of investment factors that include, but are not limited to, performance statistics, risk statistics, volatility, concentration (sector, position, and geographic), market-cap weightings, and liquidity of underlying securities. For passive (index) investments, we evaluate the index methodology.

#### **Qualitative Analysis**

**Team** – We evaluate the strength of the investment team which includes, but is not limited to, determining key decision makers, relevant experience, compensation structure, alignment of interests, employee turnover, and ownership structure.

**Process** – We determine whether we believe the investment process is repeatable and if it has remained consistent in various market environments. We evaluate how idea sourcing occurs, how security selection is made, and how the portfolio construction is determined.

### ***Additional Methods of Analysis and Risks for individual bonds***

**Individual Security risks** – Analysis of individual bonds includes, but is not limited to, evaluation of the underlying ratings of the securities, analysis of spreads versus similarly rated bonds, and analyzing the overall shape of the yield curve. We evaluate the bond structure (e.g. general obligation bonds vs. revenue bonds). We seek bonds that offer proper diversification to the client's portfolio in terms of sector, geography, and maturity.

### ***Additional Methods of Analysis and Risks for ETFs***

**Liquidity analysis** – Illiquidity of ETFs is a risk that must be evaluated. We analyze trading volume and determine if we should place trades outside of market orders to protect our clients from wide bid/ask spreads which may result in unfavorable pricing.

### ***Additional Methods of Analysis and Risks for ETNs***

Counterparty risk – ETNs are exchange traded notes that are senior, unsecured debt securities issued by an underwriting bank and are therefore backed only by the credit of the issuer. As part of our analysis, we review the credit-worthiness of the underlying issuer.

### ***Additional Methods of Analysis and Risks for hedge funds***

Operational due diligence checks – Because hedge funds do not provide full transparency or daily liquidity, we perform an extra layer of analysis. These include, but are not limited to, assessment of valuation policies, cash management controls, portfolio risk management, reliability of systems, and checks on their service providers. In addition, we review all legal documents.

### ***Additional Methods of Analysis and Risks for private partnerships***

Deal flow/sourcing – Because private partnerships are often blind pools (investors know the strategy but not the specific investments), we attempt to determine if the management team will be able to generate sufficient deal flow and has the appropriate contacts to source attractive opportunities.

Valuation methods – Because private partnerships are illiquid and often have long durations, we must determine that we are comfortable with the valuation policies in place and they are an accurate depiction of the value of the underlying investments.

Fund terms – Terms for private investments are more complicated than mutual funds and ETFs. We must become comfortable with the partnership's terms and determine that they are not onerous for underlying investors.

## **Item 9 – Disciplinary Information**

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Homrich Berg or the integrity of Homrich Berg's management. Homrich Berg has no information applicable to this Item.

## **Item 10 – Other Financial Industry Activities and Affiliation**

**Peachtree Alternative Strategies Fund “(PAS)”.** HB converted the H&B Hedge Fund, LLC (a private fund) into a Registered Investment Company, the PAS and serves as the Fund Adviser. HB's CIO, Stephanie Lang, serves on the PAS Board of Directors and HB Sr. Investment Analyst, Ford Donohue, serves as the PAS President. Neither Mrs. Lang nor Mr.

Donohue earns any additional compensation for their services to the PAS. HB advises its suitable clients to invest in the PAS.

HB has formed several private investment funds listed below in which clients are solicited to invest. The Manager of each investment fund is a related company which is under common ownership and control of HB. The Principals of HB, including some select employees may also invest in the same private investment funds as HB clients.

**H&B Partners, LLC ("Partners").** Partners is an affiliated company under common ownerships and control with HB. Partners, a Georgia limited liability company, was formed in 1998 and is owned by HB Principals Andrew Berg, Frank Butterfield, Adam Fuller, and Anthony Guinta. Partners serves as managing member for the following six investment vehicles in which clients are solicited to invest. The investment vehicles were organized by the investment committee of HB. Partners does not receive fees for its management services from the investment vehicles. Partners is reimbursed the cost of various incidental operating expenses (licenses, mail service, etc.) paid for the benefit of the investment vehicles.

1) H&B Equity Ventures Fund I, LLC, a Delaware limited liability company formed in 2000 as a vehicle for HB's clients to invest in private equity (including venture capital and leveraged buyout companies) funds not affiliated with either HB or H&B Partners, LLC. This fund is currently closed to new investors;

2) H&B Real Estate Ventures III, LLC a Georgia limited liability company formed in 2003 as a vehicle for HB clients to invest in unaffiliated diversified real estate properties and funds invested in real estate investments. The fund is currently closed to new investors;

3) H&B Real Estate Ventures IV, LLC, a Georgia limited liability company formed in 2005 as a vehicle for HB clients to invest in unaffiliated diversified real estate properties and funds invested in real estate investments. The fund is closed to new investors;

4) H&B Natural Resources I, LLC, a Georgia limited liability company formed in 2005 as a vehicle for HB clients to invest in unaffiliated diversified natural resources and funds invested in natural resource investments. The fund is currently closed to new investors;

5) Income Opportunity Fund, LP, a Delaware limited partnership formed in 2011 as a vehicle for HB clients to invest in public and/or private debt, equity, fixed income, real estate, natural resources, and distressed asset investment funds. The fund is closed to new investors.

6) Income Opportunity Fund II, LP, Delaware limited partnership formed in 2013 as a vehicle for HB clients to invest in public and/or private debt, equity, fixed income, real

estate, natural resources, and distressed asset investment funds. The fund is closed to new investors.

**2008 Opportunity Partners, LLC (“Opportunity Partners”)**, is an affiliated company under common ownerships and control with HB. Opportunity Partners, a Delaware limited liability company formed in 2008, is owned by HB Principals Andrew Berg, Frank Butterfield, Adam Fuller, Anthony Guinta, and Andrew Klepchick. Opportunity Partners serves as General Partner to the 2008 Opportunity Fund, L.P. listed below. Opportunity Partners, LLC does not receive fees for its management services from fund listed below. Opportunity Partners is reimbursed the cost of various incidental operating expenses (licenses, mail service, etc.) paid for the benefit of the 2008 Opportunity Fund, L.P.

1) 2008 Opportunity Fund, L.P., a Delaware limited partnership formed in 2008 as a vehicle for HB clients to invest in private markets (including private equity, real estate, natural resources, and distressed debt). The fund is closed to new investors.

**Homrich Berg Partners, LLC**, is an affiliated company under common ownership and control with HB. Homrich Berg Partners, a Georgia limited liability company formed in 2015, is owned by HB Principals Andrew Berg, Frank Butterfield, Adam Fuller, Anthony Guinta, and Andrew Klepchick. Homrich Berg Partners serves as General Partner to the three funds listed below. Homrich Berg Partners does not receive fees for its management services from fund listed below. Homrich Berg Partners is reimbursed the cost of various incidental operating expenses (licenses, mail service, etc.) paid for the benefit of the funds listed below.

1) 2015 Opportunity Fund, L.P., a Delaware limited partnership formed in 2015 as a vehicle for HB clients to invest in private markets (including but not limited to private equity, private real estate, private natural resources, and private debt).

2) 2017 Opportunity Fund, L.P., a Delaware limited partnership formed in 2017 as a vehicle for HB clients to invest in private markets (including but not limited to private equity, private real estate, private natural resources, and private debt).

3) 2017 Real Estate Opportunity Fund, L.P., a Delaware limited partnership formed in 2017 as a vehicle for HB clients to invest private direct debt real estate investments that are not available through traditional outlets (including but not limited to office, multifamily, hospitality, senior housing, self-storage and retail).

## **Clients of HB who are also Investment Managers or Sponsors**

Homrich Berg has long standing relationships with investment managers and other private investment sponsors on which we advise our clients to invest. In some instances, such investment managers or sponsors have also become Wealth Management clients of Homrich Berg. Currently, multiple executives of a recommended fixed income manager are clients of HB. Two executives of a recommended REIT sponsor are clients of HB. Two executives in the Film/Gaming Industry are clients whose companies (unrelated to each other) at times sell tax credits that HB recommends to its clients. Certain executives involved in private real estate are HB clients (unrelated to each other) that sponsor private real estate investments which HB recommends to its clients. Finally, two executives of a recommended sponsor of apartment investments are clients. A potential conflict of interest may exist when we advise our clients to invest in private investments that are managed or sponsored by other Homrich Berg clients. We conduct extensive due diligence in both private and public investment opportunities and we only recommend such investment opportunities when we believe it is in the best interest of our clients. To mitigate this conflict, HB discloses this fact prior to recommending the investment or tax credit to a client.

## **Item 11 – Code of Ethics**

Homrich Berg has adopted a Code of Ethics for all principals and employees of the firm that describes its high standard of business conduct and fiduciary duty owed to its clients. The Code of Ethics includes provisions relating personal securities trading procedures. All employees of Homrich Berg must acknowledge the terms of the Code of Ethics annually, or as amended.

Homrich Berg anticipates that, when consistent with clients' investment objectives, it may recommend that investment advisory clients or prospective clients purchase or sell securities in which Homrich Berg, its affiliates, and/or clients have a position of interest. This occurs in some cases with recommended exchange traded funds or mutual funds where employees may invest in the same funds that the firm recommends to clients. In addition to this, principals/employees of the firm may invest in the same Private Investment Partnerships as they recommend to clients. Homrich Berg's principals and employees are required to follow Homrich Berg's Code of Ethics, which includes pre-clearance requirements on short sales, investments in IPO's or other privately traded securities. Subject to satisfying this policy employees of Homrich Berg may trade for their own accounts in securities which are recommended to and/or purchased for Homrich Berg's clients. If a conflict of interest is present when investing in the same securities as a client, the principal or employee must disclose that conflict to the client prior to making the investment. The Code of Ethics is designed to assure that the personal securities

transactions, as well as activities and interests of the HB employees, will not interfere with (i) making decisions in the best interest of clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Employee trading is continually monitored under the Code of Ethics, which is designed to reasonably prevent conflicts of interest between HB and its clients. HB has engaged a third party software provider which allows HB to electronically monitor employee trading activity.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with HB's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. HB will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Homrich Berg's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Christopher Casdia at 404-264-1400 or [casdia@homrichberg.com](mailto:casdia@homrichberg.com).

## **Item 12 – Brokerage Practices**

HB has discretion over those accounts under its management as specified in the contractual agreement it enters into with the client. HB buys or sells specific securities in amounts that are a function of HB's understanding of the client's objectives, tolerance for risk, and financial resources in addition to any client imposed trading restrictions. These factors act as limitations on HB's authority and investment discretion.

Unless in the case of selected individual fixed income securities (corporate bond, municipal bond, government bond, etc.), HB directs securities transactions to the custodian which maintains the client account. The custodian is also the broker-dealer used for execution of the transaction. HB does not have the ability to negotiate commissions on a trade by trade basis under normal circumstances. However, at the onset of a relationship with a custodian and periodically thereafter, HB may negotiate standard commission rates for all its client accounts. HB attempts to negotiate the most favorable rates for its clients on a global scale. However, the rates negotiated by HB may not be the lowest available rates found in the market. When selecting a custodian for client accounts, HB considers the overall value of services provided by the custodian to clients of HB. Generally, HB's clients do not pay higher commissions for those services. In most cases HB suggests the use of the custodial and brokerage services of Charles Schwab & Co., Inc., Fidelity Investments, or TD Ameritrade who are all independent and non-affiliated broker-dealers.

When selecting a custodian or broker-dealer, HB considers several factors including:



- (a) The firm's service and commitment to the business;
- (b) Overall costs, including but not limited to: wire transfers, check requests, overnight delivery, etc.
- (c) Execution, clearance and settlement capabilities;
- (d) Whether the firm offers insurance in excess of the insurance afforded by the Securities Investor Protection Corporation;
- (e) Investment product availability and online tools;
- (f) The broker-dealer's financial stability; and
- (g) The firm's willingness to negotiate commission and margin interest rates.

Accordingly, transactions will not always be executed by the custodian/broker-dealer at the lowest available commission.

In the case of individual fixed income securities where markets may be less liquid, HB may search the inventories of multiple broker-dealers and custodians in the effort to obtain better pricing. In such cases, HB will attempt to get competitive pricing from multiple sources and execute the transaction at what it believes are the best terms for the client. When selecting fixed income dealers HB considers several factors including execution speed, access to fixed income inventory, reliability, and pricing. When HB purchases fixed income securities for a client through a firm which is not the custodian of the brokerage account, the client will incur an additional "trade away" fee. This is imposed by the custodian of the account.

### Schwab Advisor Services

For most clients, HB recommends that client opens and maintains brokerage accounts with Charles Schwab & Co., Inc., a registered broker-dealer in order to maintain custody of assets and to execute trades.

### *Products and Services Available to HB from Schwab*

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like HB. Schwab provides HB and its clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help HB manage or administer clients' accounts, while others help HB manage and grow its business. Schwab's support services generally are available on an unsolicited basis (HB does not have to request them)

and at no charge as long as HB's clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If HB's clients collectively have less than \$10 million in assets at Schwab, Schwab may charge HB quarterly service fees of \$1,200. The following is a more detailed description of Schwab's support services:

#### *Services that Benefit Clients*

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which HB might not otherwise have access or that would require a significantly higher minimum initial investment by HB's clients.

#### *Services that May Not Directly Benefit Clients*

Schwab also makes available other products and services that benefit HB but may not directly benefit clients. These products and services assist HB in managing and administering HB's clients' accounts. They include investment research, both Schwab's own and that of third parties. HB may use this research to service all or a substantial number of its clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of HB's fees from HB's clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

#### *Services that Generally Benefit Only Homrich Berg*

Schwab also offers other services intended to help HB manage and further develop its business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, Schwab will arrange for third-party vendors to provide the services to HB. Schwab may also discount or waive its

fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide HB with other benefits, such as occasional business entertainment for HB's personnel.

#### *Homrich Berg's Interest in Schwab's Services*

The availability of these services from Schwab benefits HB because we do not have to produce or purchase them. HB does not have to pay for Schwab's services so long as HB's clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon HB committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give HB an incentive to recommend that clients maintain accounts with Schwab, based on HB's interest in receiving Schwab's services that benefit HB's business rather than based on clients' interests in receiving the best value in custody services and the most favorable execution of transactions. This is a potential conflict of interest. HB believes, however, that its recommendation of Schwab as custodian and broker is in the best interests of clients. HB's selection is primarily supported by the scope, quality, and price of Schwab's services. HB does not believe that recommending clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

#### *Soft Dollars*

In addition to the above services, HB receives research and other soft dollar benefits from both Charles Schwab & Co. and Fidelity Investments in connection with client transactions. These benefits include third party research, subscriptions, and tools which assist HB with research and portfolio analytics and are at no cost to us. By receiving these benefits without cost to us, there is an inherent conflict of interest in HB advising clients to open and maintain their investment account(s) with Schwab or Fidelity as we may have an incentive to do so over other similar custodians. Despite the benefits to us, we do not believe they are so material to our business that they would influence our decision to recommend Schwab or Fidelity as a custodian to our clients for the fact that similar soft dollar relationships are available with other qualified custodians. We use such research and soft dollar benefits to help us service all client accounts, not just those that generated the benefits. We do not seek to allocate research and soft dollar benefits to client accounts in proportion to how those accounts generate soft dollars. While soft dollar and other research benefits are available to us, these benefits are not a factor in executing transactions. Rather, our trader(s) seek the best available price irrespective of any soft dollar benefit when buying or selling Fixed Income securities. And in the event of transactions in equities, ETF's mutual funds, or options, we direct the transactions to the custodian of the client account.

In some cases research products or services provided fall into a category known as "mixed use". Mixed use refers to a situation when part of the products or services received is used for research while another part is used for non-research activities. HB reviews products & services received to determine if any are mixed use. HB will make the determination as to the portion of the product to designate as research and will only receive economic benefit for that portion. HB will pay for the portion designated as non-research.

### **Trade Allocations**

Trades are generally executed at the account level. In some infrequent circumstances, a block trade may be executed and portions of the block allocated to various customer accounts. The block transactions are allocated in a fair and equitable manner taking into consideration such factors including, but not limited to, client's cash availability, suitability for participation, and other pending orders. If a block order is only partially filled, an attempt will be made, when possible, to allocate on a pro rata basis. When this is not practical, allocation will be made such that, over time, no client will be advantaged or disadvantaged in relation to other client accounts. Whether done as a block, or an individual order at the account level, the custodian charges the same commission rate per transaction. The same process will be applied in situations where there are limited investment opportunities of certain privately offered securities.

### **Trading Errors**

Any trading error that may occur in a client's account will be reported immediately upon discovery to a principal, and any such error will be resolved promptly. Our selected custodians have differing processes regarding resolution of a trade error. However, in no case will a client account suffer a loss resulting from a trading error caused by HB and in each such case, the client will be "made whole".

### **Item 13 – Review of Accounts**

Reviews of client accounts are ordinarily performed on at least a quarterly basis while financial plans are reviewed annually. A significant change in economic conditions, in the client's financial and investment objectives, or in the client's risk tolerance may also trigger a review of said client's portfolio or financial plan. A client request may also trigger a review. The level of the review is dependent upon the triggering factor and can be brief or in-depth. A brief review may involve the verification of holdings, allocations, or minor changes in objectives. An in-depth review includes an evaluation of investor holdings against model allocations and financial objectives.

HB has multiple principals and multiple client service teams. Each client is assigned to a client service team. Client service teams are typically comprised of a director or senior associate, associate(s), and a client care coordinator. Client accounts are reviewed by

principals and/or the team's directors or senior associates. The members of the client service team work together in performing various functions on each account depending on the complexity of the work and the particular client situation. Client service teams are usually assigned an average of approximately 120 clients.

Although clients have online access to their portfolios which are updated daily, HB will provide reports quarterly to clients on the performance of their accounts. These written reports typically include a listing of accounts with holdings and values, an investment allocation chart, and investment performance. Performance for the total portfolio and by each asset class is compared against relevant indices. In addition to quarterly portfolio correspondence and client mailings, clients may consult with HB when they have a change in circumstances.

#### **Item 14 – Client Referrals and Other Compensation**

Homrich Berg has entered into third party consultant and referral fee agreements. Such agreements allow Homrich Berg to compensate other professionals and consultants for client referrals through the sharing of applicable investment advisory fees or a finder's fee when appropriate. Homrich Berg may also compensate HB employees for referring advisory clients to HB through the sharing of applicable investment advisory fees. Advisory fees for referred clients are not greater than fees charged to other Homrich Berg clients and all fees are fully disclosed to the client.

HB receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through HB's participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with HB. Schwab does not supervise HB and has no responsibility for HB's management of clients' portfolios or HB's other advice or services. HB pays Schwab fees to receive client referrals through the Service. HB's participation in the Service may raise potential conflicts of interest described below.

HB pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by HB is a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. HB pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to HB quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by HB and not by the client. HB has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs HB charges clients with similar portfolios who were not referred by the Service. The fee is paid quarterly and is based on a tiered breakpoint for each household. The quarterly fee payable to Schwab is 6.25 basis points on the first \$2

Million, 5 basis points on the next \$3 Million, 3.75 basis points on the next \$5 Million, and 2.5 basis points on all amounts over \$10 Million.

HB generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees HB generally would pay in a single year. Thus, HB will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of HB's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, HB will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit HB's fees directly from the accounts.

For accounts of HB's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from HB's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, HB may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. HB nevertheless acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for HB's other clients. Thus, trades for accounts in custody at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

***Participation in Fidelity Wealth Advisor Solutions®.*** HB participates in the Fidelity Wealth Advisor Solutions® Program (the "WAS Program"), through which HB receives referrals from Strategic Advisers, Inc. ("SAI"), a registered investment adviser and subsidiary of FMR LLC, the parent company of Fidelity Investments. HB is independent and not affiliated with SAI or FMR LLC. SAI does not supervise or control HB, and SAI has no responsibility or oversight for HB's provision of investment management or other advisory services.

Under the WAS Program, SAI acts as a solicitor for HB, and HB pays referral fees to SAI for each referral received based on HB's assets under management attributable to each client

referred by SAI or members of each client's household. The WAS Program is designed to help investors find an independent investment advisor, and any referral from SAI to HB does not constitute a recommendation or endorsement by SAI of HB's particular investment management services or strategies. More specifically, HB pays the following amounts to SAI for referrals: for referrals made prior to April 1, 2017, an annual percentage of 0.20% of any and all assets in client accounts; for referrals made after April 1, 2017, the sum of (i) an annual percentage of 0.10% of any and all assets in client accounts where such assets are identified as "fixed income" assets by SAI and (ii) an annual percentage of 0.25% of all other assets held in client accounts. For referrals made prior to April 1, 2017, these fees are payable for a maximum of seven years. Fees with respect to referrals made after that date are not subject to the seven year limitation. In addition, HB has agreed to pay SAI a minimum annual fee amount in connection with its participation in the WAS Program. These referral fees are paid by HB and not the client. Clients referred by SAI are not charged any additional fees as a result of the WAS Program and are subject to the same fee schedule as all other HB clients. For referrals made through the WAS Program after April 1, 2017, the fee schedule HB pays to SAI creates a potential conflict of interest for HB since HB's costs are lower for "fixed income" assets than equity and all other assets. This could create an incentive for HB to allocate a higher percentage to fixed income assets than normal to client accounts that were referred to HB through the WAS Program after April 1, 2017. HB mitigates this potential conflict through 1) disclosure to clients about the differential costs, and 2) a thorough process where portfolios are monitored and rebalanced to an investment allocation agreed to in advance by the client.

To receive referrals from the WAS Program, HB must meet certain minimum participation criteria, but Advisor may have been selected for participation in the WAS Program as a result of its other business relationships with SAI and its affiliates, including Fidelity Brokerage Services, LLC ("FBS"). As a result of its participation in the WAS Program, HB may have a potential conflict of interest with respect to its decision to use certain affiliates of SAI, including FBS, for execution, custody and clearing for certain client accounts, and Advisor may have a potential incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to HB as part of the WAS Program. Under an agreement with SAI, HB has agreed that Advisor will not charge clients more than the standard range of advisory fees disclosed in its Form ADV 2A Brochure to cover solicitation fees paid to SAI as part of the WAS Program. Pursuant to these arrangements, HB has agreed not to solicit clients to transfer their brokerage accounts from affiliates of SAI or establish brokerage accounts at other custodians for referred clients other than when HB's fiduciary duties would so require, and Advisor has agreed to pay SAI a one-time fee equal to 0.75% of the assets in a client account that is transferred from SAI's affiliates to another custodian; therefore, HB may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of SAI. However,

participation in the WAS Program does not limit HB's duty to select brokers on the basis of best execution.

HB has entered into client referral agreements with two unrelated individuals: Louis Brown and Mary Catherine Sikes with Ms. Sikes being a former employee of HB. These two individuals can refer clients to HB under the agreement, and as compensation, receive a portion of the advisory fees collected for as long as the referred client remains a client of HB. Advisory fees for referred clients are not greater than fees charged to other Homrich Berg clients and all fees are fully disclosed to the client.

### **Item 15 - Custody**

Clients should receive account statements at least quarterly from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. Homrich Berg urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. HB does not maintain physical custody of client assets. However, in some cases HB may have access to client funds. In these cases, HB has what is termed "implied custody". The cases where HB has such implied custody are listed below:

Bill pay - for certain clients HB pays personal bills and other invoices on their behalf. This requires HB to have the ability to write checks on their behalf,

Journal Authority - for certain clients invested in the HB Funds, clients have provided to Charles Schwab, standing instructions which authorizes HB to journal funds from the client brokerage account to an HB Fund in order to make capital calls.

Online access to external accounts - for reporting purposes for certain clients; we have access to external accounts such as bank accounts, or 401(k) accounts,

Trustee relationship - In some cases, clients have requested that a Principal of HB to personally serve as trustee of their trust.

HB has engaged Porter Keadle Moore, LLLP ("PKM") to conduct a "custody examination" for the above referenced situations where HB has implied custody. PKM is an independent public accounting firm registered with the Public Company Accounting Oversight Board. Because HB has "implied custody", these annual custody examinations are required by the SEC Custody Rule and are conducted annually on a surprise basis. A copy of the exam report is available upon request. It is also available through the SEC's website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## **HB Funds**

As described earlier in “**Item 10 - Other Financial Industry Activities and Affiliation**”, HB serves as the Adviser to the HB Funds and its related entities serve as the Manager of the respective HB Funds. In this capacity HB has custody of assets in the HB Funds. HB complies with and satisfies its responsibilities under the SEC Custody Rule through the following:

PCAOB Registered Auditor – we have engaged Dixon Hughes Goodman, LLP (“DHG”) to conduct “G.A.A.P.” audits of our HB funds. DHG is an independent public accounting firm registered with the Public Company Accounting Oversight Board and subject to regular inspection.

Audited Financial Statements – HB delivers the audited financial statements for our funds to each fund investor in a timely manner.

### **Item 16 – Investment Discretion**

HB has discretion over those accounts under its management as specified in the contractual agreement it enters into with the client. HB buys or sells specific securities in amounts that are a function of HB's understanding of the client's objectives, tolerance for risk, and financial resources in addition to any client imposed trading restrictions. These factors act as limitations on HB's authority and investment discretion.

In some limited cases, Homrich Berg may accept an account on a non-discretionary basis. In this instance, Homrich Berg will discuss investment decisions and transaction with the client prior to making the transaction.

### **Item 17 – Voting Client Securities**

HB clients retain the right to vote all proxies and HB is precluded from voting proxies on client's behalf. However, HB may provide advice to clients regarding the clients' voting of proxies if requested. Clients participating in certain investment opportunities may authorize the underlying managers to vote proxies on their behalf through the terms of the investment advisory agreements. A copy of the firm's proxy voting policy is available upon request. Please contact the Chief Compliance Officer at 404-264-1400 for a copy.

### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Homrich Berg's financial condition. Homrich Berg has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.