

Item 1: Cover Page
Part 2A Appendix 1 of Form ADV: Wrap Fee Program Brochure
October 23, 2018

Hobart Private Capital Wrap Program
Sponsored by:
Hobart Private Capital, LLC

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Firm Contact: Thomas Hamilton

This wrap fee program brochure provides information about the qualifications, business practices and advisory services of Hobart Private Capital, LLC, an investment adviser registered with the U.S. Securities and Exchange Commission ("SEC"). If you have any questions about the contents of this brochure, please contact us by at (888) 553-0122 or Info@HobartFinancialGroup.com. The information in this brochure has not been approved or verified by the SEC or by any State securities authority. Additional information about our firm is also available on the SEC's website at www.adviserinfo.sec.gov. There you may search for us by our Firm name or by our "CRD" which is #168494.

Please note that the use of the term "registered investment adviser" and description of our Firm and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this brochure and brochure Supplements for more information on the qualifications of our Firm and our representatives.

Item 2: Material Changes

Hobart Private Capital, LLC (“Hobart,” “Our,” “We” and “Firm”) is required to prepare a disclosure document such as this one, commonly referred to as a “Wrap Fee Program Brochure,” (“Wrap Brochure”) that describes our Wrap Fee Program. This document serves as Appendix 1 to our Firm Brochure (Part 2A of Form ADV). We are required to amend our Wrap Brochure at least annually and provide clients and prospective clients with a summary of any material changes since the previous annual amendment. In this section we are only discussing material changes since the last annual update of our brochure.

This version of our Wrap Brochure dated October 23, 2018 is an interim updating amendment. The following are the material changes since our last annual update of March 30, 2018:

- Hobart has revised Item 4 to indicate that Thomas Hamilton is now the Firm’s Chief Compliance Officer.

The following are the material changes since our annual update of March 30, 2017:

- Hobart no longer refers clients to Global Financial Private Capital, LLC (“Global”) for direct investment management by Global. We now retain Global to advise Hobart with respect to certain assets we manage. Under this arrangement, Hobart is the primary adviser for all accounts and Global is a Sub-Adviser to Hobart. Global typically has discretion to manage the assets to the same extent that Hobart has discretion. We have entered into a Sub-Advisory Agreement with Global to facilitate this relationship. We have also implemented a new Investment Advisory Agreement by which our clients grant Hobart the authority to retain and terminate third-party managers, and to allocate assets between or among third-party managers. Please see Item 4 for more information.
- Hobart has revised Item 4 to provide further details regarding the conflict of interest involved when supervised persons of Hobart receive compensation for the sale of insurance products in their separate capacity as licensed insurance agents. Please see Item 4 for more information.
- Hobart has revised Item 4 and Item 9 to provide further details regarding the conflict of interest involved when recommending sub-advisers and third-party managers. Hobart will only use or recommend sub-advisers or other third-party investment advisers that have a relationship with Hobart and have met the conditions of our due diligence review. Please see Items 4 and 9 for more information.
- Hobart has revised Item 6 to provide further details regarding the risks associated with our frequent trading, margin transactions, and option writing investment strategies. Please see Item 6 for more information.
- Hobart has revised Item 9 to remove the disclosure regarding having dually-registered investment adviser representatives, as our investment adviser representatives are no longer dually-registered with Global.
- Hobart has further revised Item 9 to indicate that one of our representatives receives compensation in the form of forgiveness of a forgivable loan from Global, and that an

affiliate of our Firm, Hobart Financial Group, is a guarantor of this loan agreement. This presents a conflict of interest in that we have a financial incentive to recommend that a client engage Global for brokerage and advisory services in order for the loan to be forgiven. For more information, please see Item 9.

- Hobart has revised Item 9 to provide further details regarding the conflict of interest involved with proprietary trading. Please see Item 9 for more information.
- In Item 4, we added that we now recommend AE Wealth Management as a sub-adviser for some of our client accounts. For more information on AE Wealth Management's billing practices, please see Item 4.

Annually, we will ensure that you receive either an amended brochure or a summary of any material changes to this and any subsequent Wrap Brochure within 120 days of the end of our fiscal year, and promptly at any time if any of the information herein becomes materially inaccurate.

We will deliver a complete copy of our Wrap Brochure upon your request at any time during the year. Please contact our Chief Compliance Officer, Thomas Hamilton, at (888) 553-0122 or via email at Info@HobartFinancialGroup.com to request a Wrap Brochure.

Item 3: Table of Contents

| | |
|---|----|
| Item 1: Cover Page | 1 |
| Item 2: Material Changes..... | 2 |
| Item 3: Table of Contents | 4 |
| Item 4: Services, Fees & Compensation | 5 |
| Item 5: Account Requirements & Types of Clients | 8 |
| Item 6: Portfolio Manager Selection & Evaluation | 8 |
| Item 7: Client Information Provided to Portfolio Manager(s) | 13 |
| Item 8: Client Contact with Portfolio Manager(s)..... | 13 |
| Item 9: Additional Information | 14 |

Item 4: Services, Fees & Compensation

Our Firm is a Charlotte based investment adviser that primarily provides individuals, high net worth individuals and other types of clients with discretionary investment advisory services. We became registered with the U.S. Securities and Exchange Commission on February 29, 2016. Prior to that we maintained registration with the North Carolina Securities Division. Our Firm is a limited liability company formed under the laws of the State of North Carolina in 2013, the day we began operations. Our Firm is wholly owned by Christopher S. (Chris) Hobart, who also serves as Managing Member and President. Thomas Hamilton is the Firm's Chief Compliance Officer.

We provide investment advisory services on a wrap or non-wrap fee basis. If a client engages us on a wrap fee basis, the client will pay us single fee and we will pay or reimburse the trading and custody costs of the custodian and broker-dealer. If the client engages us on a non-wrap fee basis, the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, trade execution, custody). This Wrap Brochure (Appendix 1 to Form ADV Part 2A) specifically describes our Wrap Fee Program. For non-wrap accounts, please refer to our Firm Brochure (Form ADV Part 2A), which discusses the terms and conditions for client participation in our non-wrap programs.

Because of the nature of the Wrap Fee Program, the wrap client may pay more or less than if the client had compensated us outside of the Wrap Fee Program. For example, if a client's account is rarely traded, the transaction fees the client would have paid would be minimal, thus limiting the benefits of "wrapping" management fees and transaction fees. We receive the wrap fee for our services. We pay transaction fees to various broker-dealers, mutual funds and ETFs. The remainder of the wrap fee is the net management fee payable to us. The amount payable to us varies depending upon the amount of trading in a client's account. The more transactions in the account, the greater the amount of transaction fees, and therefore the less compensation to us. Accordingly, we have a financial incentive to avoid trading the account. This creates a conflict of interest between the Firm and its Wrap Fee Program clients. We attempt to mitigate this conflict by requiring that the Firm's employees acknowledge their fiduciary duty to place client interests ahead of their own and through review of client accounts.

Our Firm does not manage wrap fee accounts in a different fashion than non-wrap fee accounts. All accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

Our Wrap Advisory Services

Wrap Asset Management Services:

As part of our Wrap Asset Management service, a portfolio is created, potentially including individual stocks, bonds, exchange traded funds ("ETFs"), options, mutual funds and other public and private securities or investments. The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Portfolios will be designed to meet a particular investment goal, determined to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored, and if necessary, rebalanced based upon the client's individual needs, stated goals and objectives. Our Firm may utilize the sub-advisory services of various third-party investment advisory firms to aid in the implementation of an investment portfolio. Before selecting a firm or individual, our Firm will ensure that the chosen party is properly licensed or registered as required.

Allocation of Assets to Third-Party Money Managers:

As noted above, our Firm may utilize the services of various third-party money managers for the management of client accounts, allocating client assets among such managers as appropriate. In such cases, the third-party money managers will be responsible for continuously monitoring client accounts and making trades in client accounts when necessary. While the chosen third-party money manager(s) will provide advice on specific securities and/or other investments in connection with this service, our Firm may have discretionary authority to hire and fire such managers and reallocate assets among them as deemed appropriate. We will assist you with identifying your risk tolerance and investment objectives, and, in turn, retain third-party money managers in relation to your stated investment objectives and risk tolerance. As a result, we allocate a portion of the total fee charged and collected from you to the third-party money managers as compensation for their direct management of your account.

Such third-party money managers may include Global Financial Private Capital (“Global”). Historically, we have recommended that many of our clients directly retain Global as a third-party manager. As a result of that recommendation our clients have historically entered into agreements directly with Global. We recently transitioned to becoming the primary investment adviser to all of our clients, and our investment adviser representatives have ended their registrations as investment adviser representatives of Global. Many of our clients will continue to have their accounts managed through a sub-advisory agreement by which Global agrees to provide a sub-advisory service to our Firm. See Item 9 below for a more detailed discussion of Global.

Prior to selecting such third-party managers, our Firm will conduct due diligence on these managers as well as ongoing reviews of their management of client accounts. In order to assist in the selection of a third-party money manager, our Firm will gather client information pertaining to financial situation, investment objectives, and reasonable restrictions to be imposed upon the management of the account.

Our Firm will review third-party money manager reports provided to the client at least annually. Our Firm will contact clients from time to time in order to review their financial situation and objectives; communicate information to third-party money managers as warranted; and, assist the client in understanding and evaluating the services provided by the third-party money manager. Clients will be expected to notify our Firm of any changes in their financial situation, investment objectives, or account restrictions that could affect their financial standing.

Fees and Compensation for Our Advisory Services

This section provides additional details regarding our Firm’s services along with descriptions of each service’s fees and compensation arrangements. It should be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be described in the agreement between you and Hobart Private Capital.

Wrap Asset Management Services:

The maximum annual fee charged for asset management will not exceed 2.50%. Fees to be assessed will be outlined in the advisory agreement to be signed by the client and our Firm. Annualized fees are billed on a pro-rata basis quarterly in advance based on the value of the account(s) on the last day of the previous quarter. Fees are negotiable and will be deducted from client account(s). In rare cases, our Firm will agree to bill clients directly rather than deduct fees from the client’s account.

For those clients whose fees are deducted by us:

- a) Clients will provide authorization permitting our Firm to be directly paid;
- b) Our Firm will send an invoice directly to the custodian; and
- c) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the account and all account disbursements, including the amount of the advisory fees paid to our Firm.

In the event that our Firm employs the services of third-party money managers or sub-advisers in connection with our provision of wrapped asset management services, the total annual advisory fee due to our Firm for this service shall not exceed 2.50%, but shall consist of two components: (a) our annual fee; and (b) the annual fee charged by the third-party manager(s), which shall be paid to any such third-party manager by our Firm. All such fees to be assessed will be outlined in the advisory agreement to be signed by the client and our Firm. Clients will be provided with a copy of the chosen third-party money manager's Form ADV Part 2, all relevant Brochures, and the third-party money manager's privacy policy.

Fees for accounts sub-advised by AE Wealth Management, LLC are billed monthly in arrears. Fees are based on each account's average daily balance during the prior calendar month. Fees are prorated for accounts opened during the month. Fees shall become payable on the last day of the calendar month, or, in the event of termination of services, on the day following termination. If the management of the account(s) commences at any other time than the beginning of the month, the first monthly fee shall be prorated based on the portion of such month remaining.

For Client accounts that have been historically referred to Global to be directly managed by Global (see discussion on previous page above), Hobart Private Capital receives an adviser's fee and Global is paid a management fee. Complete details and specifics are fully disclosed in the respective agreements between the client and Global. Hobart Private Capital has a conflict of interest in that it will only use or recommend sub-advisers or other third-party investment advisers that have a relationship with Hobart and have met the conditions of our due diligence review. There may be other third-party money managers that may be suitable that we do not have a relationship or that may be more or less costly. To address this conflict, we consider the best interests of clients in selecting sub-advisers or third-party managers. You are under no obligation to utilize the services of the sub-advisers we recommend. No guarantees can be made that your financial goals or objectives will be achieved. Further, no guarantees of performance can be offered.

For clients that do not have a directory advisory relationship with Global, we may nevertheless retain Global as a sub-adviser. If we do so, we will charge you a total advisory fee equaling our annual fee plus the fee charged to us by Global as described above.

The fees not included in the advisory fee for our wrap services are charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions.

Item 5: Account Requirements & Types of Clients

Hobart Private Capital generally provides investment advice to the following types of clients:

- Individuals
- High net worth individuals
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations

Our Firm generally requires that new clients have a minimum liquid net worth of \$250,000 for our Wrap Asset Management service. This minimum requirement is generally negotiable. Our Firm does not generally impose any other requirements for opening and maintaining accounts or otherwise engaging us.

Item 6: Portfolio Manager Selection & Evaluation

Selection of Portfolio Managers:

Our Firm's investment adviser representatives ("IAR"s) act as portfolio manager(s) for this wrap fee program. A conflict arises in that other investment advisory firms may charge the same or lower fees than our Firm for similar services. Our IARs are subject to individual licensing requirements as imposed by state securities boards. Our Firm is required to confirm or update each IAR's Form U4 on an annual basis. IAR supervision is conducted by our Chief Compliance Officer or management personnel.

Advisory Business:

Information about our wrap fee services can be found in Item 4 of this brochure. Our Firm offers individualized investment advice to our Wrap Asset Management clients.

Each Wrap Asset Management client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

Participation in Wrap Fee Programs:

Our Firm does not manage wrap fee accounts in a different fashion than non-wrap fee accounts. All accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

Performance-Based Fees & Side-By-Side Management:

Our Firm does not charge performance-based fees or engage in side-by-side management of accounts.

Methods of Analysis:

Hobart Private Capital may use the following methods of analysis in formulating investment advice:

Charting - This is a set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

Charting is likely the most subjective analysis of all investment methods since it relies on proper interpretation of chart patterns. The risk of reliance upon chart patterns is that the next day's data can always negate the conclusions reached from prior days' patterns. Also, reliance upon chart patterns bears the risk of a certain pattern being negated by a larger, more encompassing pattern that has not shown itself yet.

Cyclical - This method analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and in higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins.

While most economists and investors agree that there are cycles in the economy that need to be respected, the risk is that the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle. If done before the bottom, then downside price action can result prior to any gains. If done after the bottom, then some upside price action may be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses.

Fundamental - This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

Technical - This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

There are risks involved in using any analysis method.

To conduct analysis, Hobart Private Capital gathers information from financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses and filings with the SEC, and company press releases.

Investment Strategies We Use:

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long term purchases – Investments held at least a year.

Short term purchases – Investments sold within a year.

Frequent trading – This strategy refers to the practice of selling investments within 30 days of purchase. Frequent trading can have a significant impact on investment performance, particularly through increased brokerage and other transaction costs and taxes.

Margin transactions – When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest of the purchase price from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from Hobart Private Capital. Clients who trade securities on margin incur the potential for higher losses. The brokerage firm has the ability to liquidate margined securities without further notice to you in order to meet its maintenance margin requirements, and clients will be responsible for any short fall in the account after such a sale. Furthermore, margin accounts generally have fairly high interest rates.

Option writing including cover options, uncovered options or spreading strategies – Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time. Options on securities may be subject to greater fluctuations in value

than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.

Risk of Loss:

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- **Market Risk** – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- **Equity (stock) market risk** – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- **Company Risk** – When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced
- **Fixed Income Risk** – When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- **Options Risk** – Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- **ETF and Mutual Fund Risk** – When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.

- **Management Risk** – Your investment with our Firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

Voting Client Securities:

Our Firm does not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our Firm, our Firm will forward them to the appropriate client and ask the party who sent them to mail them directly to the client in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

Third-party money managers selected or recommended by our Firm may vote proxies for clients. Therefore, except in the event a third-party money manager votes proxies, 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. Therefore (except for proxies that may be voted by a third-party money manager), our Firm and/or the client shall instruct the qualified custodian to forward to copies of all proxies and shareholder communications relating to the client's investment assets.

Item 7: Client Information Provided to Portfolio Manager(s)

All accounts are managed by our in-house licensed IARs. The IAR selected to manage the client's account(s) or portfolio(s) will be privy to the client's investment goals and objectives, risk tolerance, restrictions placed on the management of the account(s) or portfolio(s) and relevant client notes taken by our Firm. Please see our Firm's Privacy Policy for more information on how our Firm utilizes client information.

Item 8: Client Contact with Portfolio Manager(s)

Clients are always free to directly contact their portfolio manager(s) with any questions or concerns about their portfolios or other matters.

Item 9: Additional Information

Disciplinary Information:

Our Firm is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management personnel. We do not have any required disclosures to report in response to this Item.

Financial Industry Activities & Affiliations:

Chris Hobart, as well as other investment adviser representatives of our Firm, are also currently registered representatives of G.F. Investment Services, LLC, Member FINRA, a non-affiliated registered broker-dealer (CRD #132939). As a result of these arrangements, they receive normal and customary commissions. A conflict of interest exists as these commissionable securities sales create an incentive to recommend products based on the compensation earned. To mitigate this potential conflict, our Firm will act in the client's best interest.

Mr. Hobart also owns a state-licensed affiliated insurance agency, Hobart Insurance Services, LLC ("Hobart Insurance"). Hobart Insurance is licensed to offer and sell insurance products in the state of North Carolina. The insurance products that Hobart Insurance will provide include life insurance, long-term care, group life, and fixed annuities. Many of these insurance products are sold through separate and distinct vendors.

As an insurance agency, Hobart Insurance will receive separate, yet customary compensation for insurance product sales. Insurance products may be available through other channels and as a client you are not obligated to purchase insurance products recommended by our representatives.

Acting in dual capacities (insurance agency and investment advisor) and receiving compensation as such, creates conflicts of interest or the perception of conflicts of interest. We manage this conflict of interest by reviewing suitability of advisory clients for insurance recommendations.

Mr. Hobart as well as other investment adviser representatives of our Firm are also individually licensed insurance agents. Clients should be aware that as an insurance agent he may earn typical and customary commissions for the sale of insurance products and this presents a conflict of interest. We manage this conflict of interest by reviewing suitability of advisory clients for insurance recommendations.

Hobart Financial Group, Inc. ("HFG") is a holding company and is the sole owner of Hobart Insurance. HFG, which is wholly-owned by Chris Hobart, also acts as an umbrella brand for all of the Hobart affiliated companies. For example, our Firm's advisory services are described on HFG's web site along with the services of Hobart Insurance. HFG also provides certain administrative and back-office services to the Hobart affiliated companies under an internal cost sharing arrangement.

In addition, our Firm may direct clients to third-party managers. We will always act in the best interests of the client, including when recommending a third-party manager. Hobart Private Capital has a conflict of interest in that it will only use or recommend sub-advisers or other third-party investment advisers that have a relationship with Hobart and have met the conditions of our due diligence review. There may be other third-party money managers that may be suitable that we do not have a relationship or that may be more or less costly. To address this conflict, we consider the best interests of clients in selecting sub-advisers or third-party managers. You are under no obligation to utilize the services of the sub-advisers we recommend. No guarantees can be made that

your financial goals or objectives will be achieved. Further, no guarantees of performance can be offered. See Item 4 for more information.

Karen Holland, an investment adviser representative of Hobart Private Capital, receives compensation from Global in the form of forgiveness of a forgivable loan. The principal amount of the loan was \$68,000, and it has a maturity date of five years from its effective date, August 29, 2014, subject to automatic one-year extensions. Each year Ms. Holland will be forgiven from paying 20% of the original principal amount until the loan is repaid in full, provided she meet certain requirements. Pursuant to the terms of the loan, in order to be entitled to loan forgiveness Ms. Holland must: 1) maintain all assets with Global or its designated custodian; 2) generate gross commissions and fees of at least \$300,000 each year of the loan; and 3) place with, or transfer to, Global at least \$3,000,000 in new assets under management each year of the loan.

This presents a conflict of interest in that Ms. Holland has a financial incentive to recommend that a client engage Ms. Holland and Global for brokerage and advisory services in order for the loan to be forgiven. Furthermore, an affiliate of our Firm, Hobart Financial Group, has guaranteed 100% of all obligations arising under the loan agreement, therefore our Firm also has a financial incentive to recommend that a client engage Ms. Holland and Global for brokerage and advisory services in order for the loan to be forgiven. In order to mitigate this conflict of interest, prior to implementation our Firm will review any such recommendations and ensure they are in the client's best interest.

Code of Ethics:

Hobart Private Capital, its management, and persons associated with the Firm subscribe to a strict Code of Ethics. Our Code of Ethics is designed to comply with the investment advisory laws and regulations that require firms to act as fiduciaries in transactions with their clients. Our fiduciary duty requires that we act solely in our clients' best interest and adhere to standards of utmost integrity in our communications and transactions. These standards ensure that your interests are given priority.

The Firm's Code of Ethics contains extensive policies, guidelines, and procedures that promote ethical practices and conduct by all of the Firm's personnel. We adopted our Code of Ethics to specify and prohibit certain types of transactions deemed to create conflicts of interest (or perceived or potential conflicts of interest), as well as to establish reporting requirements and enforcement procedures relating to personal transactions by our personnel. Our Code of Ethics, which specifically deals with professional standards, insider trading, personal trading, gifts and entertainment, and fiduciary duties, establishes our ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty, and trust. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions:

Hobart Private Capital does not recommend that its clients buy or sell securities in which a related person may have a material financial interest.

Proprietary Trading:

Hobart Private Capital and its associated persons are permitted to buy or sell securities that the Firm also recommends to clients consistent with the Firm's policies and procedures. This creates a conflict of interest in that representatives have an incentive to place their own interests ahead of clients' interests. We will always document any transactions that could be construed as a conflict of interest. To mitigate or remedy any actual or potential conflicts of interest, we will monitor trading reports for adherence to our Code of Ethics.

Simultaneous Trading:

From time to time, the Firm and its associated persons may buy or sell securities for their own accounts at or around the same time as clients do. This policy presents a conflict of interest in that such parties have an incentive to prioritize their own trading over their clients. To mitigate this conflict, in any instance where such securities are purchased or sold we will uphold our fiduciary duty by always ensuring that transactions are beneficial to the interest of our clients and that neither the sequence nor timing of execution or any other factor results in a benefit to Hobart Private Capital or our associated persons.

Review of Accounts:

Our management personnel or financial advisors review accounts on at least a quarterly basis for our Asset Management clients. The nature of these reviews is to learn whether client accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable.

Our Firm may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

Financial Planning clients will not receive reviews of their written plans unless they take action to schedule a financial consultation with us. Our Firm does not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc. Financial Planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately engage our Firm for a post-financial plan meeting or update to their initial written financial plan.

Client Reports:

Asset management clients will receive written transaction confirmations from the account custodian shortly after executing purchases or sales. Additionally, the account custodian will send at least quarterly written statements for each quarter in which the client has an account under management by our Firm. These statements will provide details regarding account activity, holdings, and performance.

Client Referrals & Other Compensation:

We do not directly or indirectly compensate any person for client referrals.

We may from time to time receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as client appreciation events, advertising, publishing, and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for which sales have been made or for which it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interest of our clients. We attempt to control for this conflict by always basing investment decisions on the individual needs of our clients.

In addition, our Firm receives compensation in the form of forgiveness of a forgivable loan for recommending that clients engage certain entities for brokerage and advisory services. We will always act in the best interests of the client, including when recommending entities to provide brokerage and advisory services. See above section titled “Financial Industry Activities & Affiliations” for more information.

Financial Information

Our Firm is not required to provide financial information in this Brochure because:

- Our Firm does not require or solicit the prepayment of more than \$1,200 in fees per client six or more months in advance of services rendered.
- Our Firm does not have any financial condition or commitment that impairs or is reasonably likely to impair our ability to meet contractual and fiduciary obligations to clients.

Our Firm has never been the subject of a bankruptcy proceeding.