

# ABEL HALL

Family Wealth  
Partners

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Baton Rouge, LA 70810

## Form ADV Part 2A Appendix 1 – Wrap Fee Program Brochure

August 28, 2019

This brochure provides information about the qualifications and business practices of Abel Hall, LLC (“Abel Hall”). If you have any questions about the contents of this brochure, please contact us at 225-408-4000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Abel Hall is a Registered Investment Adviser. Registration as an Investment Adviser with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about Abel Hall is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as an IARD number. The IARD number for Abel Hall is #302076.

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## **ITEM 2 – Material Changes**

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This section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our Chief Compliance Officer, Emily Dowden, [Emily@abelhall.com](mailto:Emily@abelhall.com) at 225-408-4000.

We encourage you to read this document in its entirety.

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## ITEM 4 – Services, Fees & Compensation

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We offer a wrap fee program as described in this Wrap Fee Program Brochure. A wrap fee program is generally considered any arrangement under which clients receive investment advisory services and the execution of client transactions for a specified fee or fees not based upon transactions in their accounts. Those clients that meet the definition of a “High Net Worth” and for those clients our firm elects to utilize a third party sub-advisor, our investment management services will be offered in a wrap fee program structure that includes, as a single fee, the securities transaction costs for trading in Client accounts along with the investment advisory fees earned by our firm. Our firm receives a portion of the wrap fee for the services rendered. While traditional Wrap Fee Programs are often rigid, pre-packaged investment programs, our firm customizes its investment strategies individually for its Clients. Prior to receiving services through the Program, clients are required to enter into a written agreement with our firm setting forth the relevant terms and conditions of the investment advisory relationship (the “Agreement”).

### Our Wrap Advisory Services

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We manage our wrap advisory accounts on a discretionary basis. We begin working with clients by understanding their financial goals and objectives. Through the financial planning process, our team strives to engage our clients in conversations around the family’s goals, objectives, priorities, vision, and legacy – both for the near term as well as for future generations. With the unique goals and circumstances of each family in mind, our team may offer financial planning ideas and strategies to address the client’s holistic financial picture, including estate, income tax, charitable, cash flow and retirement income, wealth transfer and family legacy objectives. Upon request, our team often partners with our client’s other advisors (CPA, estate attorney, insurance broker, etc.) to ensure a coordinated effort of all parties toward the client’s stated goals. Such services include various reports on specific goals and objectives or general investment and/or planning recommendations, guidance to outside assets and periodic updates.

Through these personal discussions with clients, we determine their date and dollar specific objectives, time horizons, and liquidity and income needs. Based on client needs and goals, we develop the client’s comprehensive investment plan. We then create and manage the client’s investments based on their plan pursuant to achieving their goals. It is the client’s obligation to notify us immediately if circumstances have changed with respect to their goals and income needs.

Account supervision is guided by the client’s written profile and investment plan. We may accept accounts with certain restrictions if circumstances warrant. We primarily allocate client assets among various equities, Exchanged Traded Funds (“ETFs”), mutual funds and debt securities in accordance with their stated investment objectives and income needs.

Once we have determined the appropriate strategy for clients or client businesses and executed the strategy, we will provide ongoing investment review and management services. This approach requires us to periodically review client portfolios.

With our discretionary relationships, we will make changes to the portfolio as we deem appropriate. We change portfolios when our client's goals change or when we have lost confidence in a given manager based on our ongoing due diligence. As a policy we rebalance client portfolios at least annually to keep the target allocation intact. We tailor our advisory services to meet the needs of our clients and seek to ensure that your portfolio is managed in a manner consistent with those needs and objectives. You will have the ability to leave standing instructions with us to refrain from investing in particular industries or invest in limited amounts of securities.

*Third Party Money Managers (TPMM):*

Occasionally our firm utilizes the services of a TPMM for the management of client accounts. Investment advice and trading of securities will only be offered by or through the chosen TPMM. Our firm will not offer advice on any specific securities or other investments in connection with this service. Prior to referring clients, our firm will provide initial due diligence on third party money managers and ongoing reviews of their management of client accounts. In order to assist in the selection of a TPMM, 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 periodically 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 TPMM. 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.

Our firm takes actions on behalf of the client to hire or fire money managers used in the implementation of a client's investment plan and execution of the Advisory Agreement with our Firm. Therefore, the firm has the discretionary authority to hire or fire the manager or to allocate assets among managers without obtaining the Client's consent.

You are advised and are expected to understand that our past performance is not a guarantee of future results. Certain market and economic risks exist that adversely affect an account's performance. This could result in capital losses in your account.

Relative Cost of the Program

A wrap fee program allows our clients to pay a specified fee for investment advisory services and the execution of transactions. By participating in a wrap fee program, you may end up paying

more or less than you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to you by the executing broker. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we incur the fees for executed trades. In order to mitigate this conflict of interest, we will fulfill our fiduciary duty by always acting in the client's best interest.

Our Firm charges an advisory fee as compensation for providing Investment Management services on client accounts. These services include advisory services, investment supervision, and other account-maintenance activities. Our custodian charges custodial fees, redemption fees, retirement plan and administrative fees or commissions. Financial planning services by our firm are included in advisory fees outlined below. See Additional Fees and Expenses below for additional details.

Our maximum investment advisory fees as a percentage of assets under management is 1.50%. The specific advisory fees are set forth in your Investment Advisory Agreement. Asset-based fees are billed quarterly in advance and calculated on the last business day of the prior quarter. There may be a possibility for price or account value discrepancies due to quarter-end transactions in an account. Dividends or trade date settlements may occur, and our third-party billing software may report a slight difference in account valuation at quarter end compared to what is reported on your Statement from the Custodian. Our firm has the ability to produce billing summaries, which can be provided upon request.

Clients may make additions to and withdrawals from their account at any time. Additions may be in cash or securities provided that Abel Hall reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets, subject to the usual and customary securities settlement procedures. All additions and withdrawals will be pro-rated and either charge the appropriate fee in the next billing cycle or credit the fees in the next billing cycle for partial withdrawals.

We may negotiate a lower advisory fee or have the right to waive fees. Fees may vary based on the size of the account, complexity of the portfolio, extent of activity in the account or other reasons agreed upon by us and the client. In certain circumstances, our fees and the timing of the fee payments may be negotiated.

Unless otherwise instructed by the Client, we will aggregate related client accounts for the purposes of determining the account size and annualized fee. The common practice is often referred to as "householding" portfolios for fee purposes and may result in lower fees than if fees were calculated on portfolios separately. Our method of householding accounts for fee purposes looks at the overall family dynamic and relationship. When applicable and noted in the Investment Management Agreement, concentrated stock positions may also be excluded from the fee calculation.

The independent qualified custodian holding your funds and securities will debit your account directly for the advisory fee and pay that fee to us. You will provide written authorization permitting the fees to be paid directly from your account held by the qualified custodian. Further, the qualified custodian agrees to deliver an account statement to you on a quarterly basis indicating all the amounts deducted from the account including our advisory fees.

Either party giving written or verbal notice to the other may cancel the Investment Advisory Agreement at any time for any reason. Notice given by the client shall be effective upon actual receipt by Abel Hall at the address specified on the Investment Advisory Agreement or the then current address. The management fee will be pro-rated to the date of termination, for the month in which the cancellation notice was given and the unearned fee refunded to your account as indicated in your Agreement. Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets. In the event of client's death or disability, our Firm will continue management of the account until we are notified and given alternative instructions by an authorized party.

We will not require prepayment of more than \$1200 in fees per client, six (6) or more months in advance of providing any services.

#### *Third Party Money Manager ("TPMM") Fees*

As discussed above, there are occasions where an independent TPMM acts as a sub-advisor to our firm. In those circumstances, the TPMM manages the assets based upon the parameters provided by our firm. Under such arrangements where our firm elects to utilize a TPMM, depending on the TPMM contract with Abel Hall, the total advisory fee may be collected from the custodian by our firm or the TPMM. This total fee includes our firm's portion of the investment advisory fee as well as the TPMM fee. Total TPMM fees are not to exceed 1.50%.

A TPMM relationship may be terminated at the IAR's discretion. Abel Hall may at any time terminate the relationship with a TPMM that manages your assets. Abel Hall will notify you of instances where we have terminated a relationship with any TPMM you are investing with. Abel Hall will not conduct on-going supervisory reviews of the TPMM following such termination.

Factors involved in the termination of a TPMM may include a failure to adhere to their stated management style or your objectives, a material change in the professional staff of the TPMM, unexplained poor performance, unexplained inconsistency of account performance, or our decision to no longer include the TPMM on our list of approved TPMMs.

Abel Hall offers several investment management programs. Account custodial services may be provided by several account custodians depending on the investment management program offered. Programs may have higher or lower fees than other programs available through Abel Hall or available elsewhere. Investment management programs may differ in the services

provided and method or type of management offered, and each may have different account minimums. Client reports will depend upon the management program selected. Please see complete details in the program brochure and custodial account agreement for each program recommended and offered.

#### *Third Party Money Manager (“TPMM”) Fees and Services*

Abel Hall has contracted with a TPMM to provide access to their portfolio modeling, account trading and administration systems. TPMM fees and services will be indicated on your Investment Advisory Agreement. The TPMM fee is in addition to the investment advisory fee charged by Abel Hall. Total TPMM fees are not to exceed 1.50%.

The services provided by the TPMM include:

- Assessment of the client's investment needs and objectives.
- Implementation of an asset allocation.
- Delivery of suitable style allocations (e.g., Large Cap, Small Cap, Growth, Value, etc.)
- Facilitation of portfolio transactions.
- Ongoing monitoring of investment vehicles performance.
- Review of client accounts for adherence to policy guidelines and asset allocation.
- Recommendations for account re-balancing, if and when necessary.
- Reporting of client portfolio performance and progress.
- Engaging selected investment vehicles on behalf of the client

#### Other Types of Fees & Expenses

In addition to the advisory fees paid to our Firm, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively “Financial Institutions”). These additional charges include custodial fees, charges imposed by a mutual fund or ETF in a client’s account, as disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), 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. Our brokerage practices are described at length in Item 12 in the Part 2A.

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### ITEM 5 – Account Requirements & Types of Clients

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We provide investment advice to individuals, high net individuals, foundations, retirement plans, charitable organizations, estates and trusts. The minimum initial account value for opening an account with our firm is \$2 million. We reserve the right to make exceptions, at our discretion, on a case by case basis.

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### ITEM 6 – Portfolio Manager Selection & Evaluation

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#### Portfolio Manager Selection

Abel Hall serves as the sponsor and portfolio manager for our Wrap Fee Program.



## Related Persons

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Our firm's investment adviser representatives serve as the portfolio manager for the services under this Wrap Fee Program. We only manage this wrap fee program and we do not act as portfolio manager for any third-party wrap fee programs.

## Supervised Persons

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Our investment adviser representatives serve as the portfolio manager for the Wrap Fee Program described in this Wrap Fee Program Brochure. Please refer to the Items 4 and 8 of the Part 2A Disclosure Brochure for details on the services provided by our Firm. For information related to the background of our supervised persons, please see Items 9 and 11 of the Part 2A Disclosure Brochure.

## Advisory Business

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Refer to Item 4 of this Wrap Fee Brochure for information about our wrap fee advisory program.

Each 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

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We offer the wrap fee program to clients who our firm utilizes a third party sub-advisor as well as those clients meeting the definition of a high net worth individual. Our Wrap Fee Program is managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

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

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We do not charge performance fees to our clients.

## Methods of Analysis, Investment Strategies & Risk of Loss

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### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Fundamental Analysis:** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company) to determine if the security is underpriced (indicating that it may be a good time to buy) or overpriced (indicating that it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk because the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the security.

**Asset Allocation:** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and stated objectives.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, could no longer be appropriate for the client's goals.

**Mutual Fund and/or ETF Analysis:** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if the manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, because we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security thereby increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF which could make the holding(s) less suitable for the client's portfolio.

**Risks for all forms of analysis:** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## **INVESTMENT STRATEGIES**

We use the following strategy(ies) in managing client accounts provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, time horizons, and margin of safety, among other considerations:

**Long-term purchases:** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically, we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

### ***Our Value Contrarian Strategy***

For select ultra-high net worth families (\$20mm+ in investable net worth) our strategy includes buying out of favor, dividend paying individual securities; purchasing researched individual company stock at prices deemed undervalued and taking profits at or above our assessment of fair value. On occasion, in this strategy we utilize options by writing covered calls on positions we are looking to exit and write puts on stocks we would like to initiate or increase exposure to. For this strategy, we will absorb ticket charges within fee-based accounts.

### ***Our ETF Options Writing Strategy***

A different strategy used for ultra-high net worth families is buying concentrated positions in select ETFs by using put writing. Once in the position(s), we utilize call writing against the ETF in order to generate income and set a price at which we'd be comfortable selling the ETF. As such, this strategy requires significant trading. We will absorb ticket charges within fee-based accounts for clients in this strategy.

### ***RISK OF LOSS***

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities involves risk of loss. Further, depending on the different types of investments there will be varying degrees of risk. Clients and prospective clients 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.

Investors should be aware that accounts are subject to the following risks:

*Market Risk* — Even a long-term investment approach cannot guarantee a profit. Economic, political and issuer-specific events will cause the value of securities to rise or fall. Because the value of investment portfolios will fluctuate, there is the risk that you will lose money and your investment may be worth more or less upon liquidation.

*Foreign Securities and Currency Risk* — Investments in international and emerging-market securities include exposure to risks such as currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability.

*Capitalization Risk* — Small-cap and mid-cap companies may be hindered as a result of limited resources or less diverse products or services, and their stocks have historically been more volatile than the stocks of larger, more established companies.

*Interest Rate Risk* — In a rising rate environment, the value of fixed-income securities generally declines, and the value of equity securities may be adversely affected.

*Credit Risk* — Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and, thus, impact the fund's performance.

*Securities Lending Risk* — Securities lending involves the risk that the fund loses money because the borrower fails to return the securities in a timely manner or at all. The fund could also lose money if the value of the collateral provided for loaned securities, or the value of the investments made with the cash collateral, falls. These events could also trigger adverse tax consequences for the fund.

*Exchange-Traded Funds* — ETFs face market-trading risks, including the potential lack of an active market for shares, losses from trading in the secondary markets and disruption in the creation/redemption process of the ETF. Any of these factors may lead to the fund's shares trading at either a premium or a discount to its "net asset value."

*Performance of Underlying Managers* — We select the mutual funds and ETFs in our portfolios. However, we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy.

*Liquidity Risk* - Liquidity risk exists when particular investments would be difficult to purchase or sell, possibly preventing clients from selling such securities at an advantageous time or price.

#### 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 solicitation.

Clients can contact our office with questions about a particular solicitation by phone at 225-408-4000.

#### ITEM 7 – Client Information Provided to Portfolio Manager(s)

Our firm is required to describe the type and frequency of the information it communicates to external managers that may be involved in managing its Clients' investment portfolios. Abel Hall, LLC serves as the sole portfolio manager under this Wrap Fee Program and, as such, we have no information to disclose regarding this Item.

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## ITEM 8 – Client Contact with Portfolio Manager(s)

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Our firm does not place restrictions on the client's ability to contact and consult their financial advisor. As the portfolio manager, clients are free to contact us at any time.

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## ITEM 9 – Additional Information

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All the information disclosed in Item 9 is for Wrap Fee Clients.

### Disciplinary Information

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Our Firm does not have any legal disciplinary events, criminal or civil actions, material to a client's decision to choose to engage advisory services from our Firm.

### Financial Industry Activities & Affiliations

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#### *Insurance*

Some of our IARs are also licensed insurance agents and sell various life insurance products, long term care and fixed annuities through the licensed insurance agency. Our IARs receive compensation (commissions, trails, or other compensation from the respective product sponsors) as a result of effecting insurance transactions for clients. IARs spend a portion of time in connection with these insurance activities and it represents ongoing revenue for our IARs. The adviser has an incentive to recommend insurance and this incentive creates a conflict of interest between your interests and our Firm. Clients should note that they have the right to decide whether or not to engage the services of our IARs. Further, clients should note they have the right to decide whether to act on the recommendations and the right to choose any professional to execute the advice for any insurance products through our IAR or any licensed insurance agent not affiliated with our Firm. We recognize the fiduciary responsibility to place your interests first and have established policies in this regard to avoid any conflicts of interest.

#### *Broker Dealer*

Certain IARs of our Firm are registered representatives of Mutual Securities, LLC ("Mutual Securities"), a FINRA-registered broker-dealer and member of SIPC and will be compensated for effecting securities transactions or providing advisory services. A portion of the time of these IARs is spent in connection with broker/dealer activities.

As a broker-dealer, Mutual Securities engages in a broad range of activities normally associated with securities brokerage firms. Pursuant to the investment advice given by our Firm or its IARs, investments in securities may be recommended for clients. If Mutual Securities is selected as the broker-dealer, Mutual Securities and its registered representatives, including IARs of our Firm, may receive commissions for executing securities transactions.

You are advised that if Mutual Securities is selected as the broker-dealer, the transaction charges may be higher or lower than the charges you may pay if the transactions were executed at other broker/dealers. You should note, however, that you are under no obligation to purchase securities through IARs of our Firm or Mutual Securities.

Our Firm may provide advice regarding investment company securities. You should be aware that, in addition to the advisory fees you pay in connection with any of our Firm's program, each investment company also pays its own separate investment advisory fees and other expenses. Such fees and expenses are disclosed in the mutual fund's prospectus. In addition, clients should be aware that mutual funds may be purchased separately, in-dependent of the investment management services of our Firm.

Moreover, you should note that under the rules and regulations of FINRA, Mutual Securities has an obligation to maintain certain client records and perform other functions regarding certain aspects of the investment advisory activities of its registered representatives. These obligations require

Mutual Securities to coordinate with and have the cooperation of its registered representatives that operate as, or are otherwise associated with, investment advisers other than Mutual Securities.

Certain IARs of our Firm may, in their capacity as registered representatives of Mutual Securities, or as agents appointed with various life, disability or other insurance companies, receive commissions and/or other compensation from the respective product sponsors and/or as a result of effecting securities transactions for clients. Clients should note that they are under no obligation to purchase any investment products through our Firm or its IARs.

#### **Other Affiliations**

Our firm nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Our firm does not have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Clients should be aware that the ability to receive additional compensation by our Firm and its management persons or employees creates conflicts of interest that impair the objectivity of the Firm and these individuals when making advisory recommendations. Our Firm endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment advisor; we take the following steps, among others to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for the Firm and our employees to earn compensation from advisory clients in addition to the Firm's advisory fees;
- we disclose to clients that they have the right to decide to purchase recommended investment products from our employees;

- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives, and risk tolerance;
- the Firm conducts regular reviews of each client advisory account to verify that all recommendations made to a client are in the best interest of the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by the Firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

#### Brokerage Practices

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We generally recommend that clients utilize the custody, brokerage and clearing services of Fidelity Institutional Wealth Services ("Fidelity") for investment management accounts. We may recommend other custodians beside Fidelity based on your needs and the services offered (defined in this document as "Custodian(s)").

We recommend that you establish accounts with these Custodians to maintain custody of your assets and to effect trades for your accounts. Some of the products, services and other benefits provided by our Custodians benefit us and may not benefit you or your account. Our recommendation/requirement that you place assets with one of these Custodians may be based in part on benefits they provide us, and not solely on the nature, cost or quality of custody and execution services provided by the custodian. The Custodian we utilize makes available to us other products and services that benefit us but may not benefit your accounts in every case.

Fidelity Institutional Wealth Services ("Fidelity") provides various benefits and payments to registered investment advisers that are new to the Fidelity custodial platform to assist the firm with the costs associated with starting a Registered Investment Advisory firm and transitioning the business to Fidelity (collectively referred to as "Transition Assistance"). The proceeds of such Transition Assistance payments are intended to be used for a variety of purposes, including but not necessarily limited to, initial registration, compliance assistance, legal assistance, and technology expenses incurred as a result of the firm transitioning to Fidelity's custodial platform. The amount of the Transition Assistance payments is often significant in relation to the overall revenue earned or compensation received by the Firm.

The receipt of Transition Assistance by Abel Hall creates conflicts of interest relating to Abel Hall's advisory business because it creates a financial incentive for Abel Hall to recommend that its clients maintain their accounts with Fidelity. Abel Hall attempts to mitigate these conflicts of interest by evaluating and recommending that clients use Fidelity's services based on the benefits that such services provide to our clients, rather than the Transition Assistance earned by Abel Hall. Abel Hall considers Fidelity's execution capability when recommending or requiring that

clients maintain accounts with Fidelity. However, clients should be aware of this conflict and take it into consideration in making a decision whether to custody their assets in an account at Fidelity.

Some of the other Fidelity products and services assist us in managing and administering your accounts. These include software and technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our fees from your account, and assist with back-office functions, recordkeeping and reporting.

We are independently owned and operated and not affiliated with these Custodians. They provide us with access to their institutional trading and custody services. These services include brokerage, custody, research and access to mutual funds and other investments that are otherwise generally available only to institutional investors.

You have the right to not act upon any recommendations, and if you elect to act upon any recommendations, you have the right to not place the transactions through any broker/dealer we recommend. Our recommendation is generally based on the broker's cost and fees, skills, reputation, dependability and compatibility with the client. You may be able to obtain lower commissions and fees from other brokers and the value of products, research and services given to us is not a factor in determining the selection of broker/dealer or the reasonableness of their commissions.

We place trades for your account subject to our duty to seek best execution and other fiduciary duties. You may be able to obtain lower commissions and fees from other brokers and the value of products, research and services given to us is not a factor in determining the selection of broker/dealer or the reasonableness of their commissions. The Custodian's execution quality may be different than other broker-dealers.

Many of these services generally may be used to service all or a substantial number of our accounts. The Custodians also make available to us other services intended to help us manage and further develop our business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, the custodians may make available, arrange and/or pay for these services rendered to us by third parties. The Custodians may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to us.

While as a fiduciary, we endeavor to act in your best interest, our recommendation that you maintain your assets in accounts at our recommended custodians may be based in part on the benefit to us or the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the custodian, which



may create a conflict of interest. IARs endeavor at all times to put the interest of our clients first as a part of their fiduciary duty.

There is no direct link between our participation in a Custodian's platform and the investment advice we give to our clients. We/you may receive economic benefits through our participation in the platforms that may not be available to other advisors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. The Custodians may also have paid for business consulting and professional services received by some of our related persons. Some of the products and services made available by the Custodians through the program may benefit us but may not benefit your account. These products or services may assist us in managing and administering your account, including accounts not maintained at the Custodians. Other services made available by the Custodians are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to the Custodians. As part of our fiduciary duties to clients, we endeavor at all times to act in the best interest of our clients. You should be aware, however, that the receipt of economic benefits by us or our related persons in and of itself creates a conflict of interest and may indirectly influence our choice of the Custodians for custody and brokerage services.

We place trades for our clients' accounts subject to its duty to seek best execution and its other fiduciary duties. Custodian's execution quality may be different than other Custodians.

Our Firm annually reviews the relationship between our Custodian, Abel Hall and the client in order to determine if the custodial relationship is in the best interest of the client.

#### *Standing Letters of Authorization*

Our firm is also deemed to have custody of clients' funds or securities when clients have standing authorizations with their custodian to move money from a client's account to a third-party ("SLOA") and, under that SLOA, it authorizes us to designate the amount or timing of transfers with the custodian. The SEC has set forth a set of standards intended to protect client assets in such situations, which we follow. We do not have a beneficial interest on any of the accounts we are deemed to have Custody where SLOAs are on file. In addition, account statements reflecting all activity on the account(s), are delivered directly from the qualified custodian to each client or the client's independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from us. When you have questions about your account statements, you should contact us, your Advisor or the qualified custodian preparing the statement.

### *Aggregation and Allocation of Transactions*

We may aggregate transactions if we believe that aggregation is consistent with the duty to seek best execution for our clients and is consistent with the disclosures made to clients and terms defined in the client Investment Advisory Agreement. We may make trades in individual accounts (that are not aggregated with others) so that we may address that client's unique circumstances. No advisory client will be favored over any other client, and each account that participates in an aggregated order will participate at the average share price (per custodian) for all transactions in that security on a given business day.

We will aggregate trades for ourselves or our associated persons with your trades, providing that the following conditions are met:

1. Our policy for the aggregation of transactions shall be fully disclosed to our existing clients (if any) and the Custodian(s) through which such transactions will be placed;
2. We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek the best execution (which includes the duty to seek best price) for you and is consistent with the terms of our Investment Advisory Agreement with you for which trades are being aggregated.
3. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day, with transaction costs based on each client's participation in the transaction;
4. We will prepare a written statement ("Allocation Statement") specifying the participating client accounts and how to allocate the order among those clients;
5. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation statement; if the order is partially filled, the accounts that did not receive the previous trade's positions should be "first in line" to receive the next allocation.
6. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for difference of allocation is explained in writing and is reviewed by our compliance officer. Our books and records will separately reflect, for each client account, the orders of which aggregated, the securities held by, and bought for that account.
7. We will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and
8. Individual advice and treatment will be accorded to each advisory client.

### *Trade Errors*

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to

correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and we will absorb any loss resulting from the trade error if the error was caused by the firm. If the error is caused by the custodian or our trading platform provider, the custodian or trading platform provider will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will be donated to charity. We will never benefit or profit from trade errors.

We do not routinely recommend, request or require that you direct us to execute transactions through a specified broker dealer. Additionally, we typically do not permit you to direct brokerage. We place trades for your account subject to our duty to seek best execution and other fiduciary duties.

#### Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

We have developed and implemented a Code of Ethics that sets forth standards of conduct expected of our advisory personnel to mitigate this conflict of interest. The Code of Ethics addresses, among other things, personal trading, gifts, and the prohibition against the use of inside information.

The Code of Ethics is designed to:

- protect our clients,
- detect and deter misconduct,
- educate personnel regarding the firm's expectations and laws governing their conduct,
- remind personnel that they are in a position of trust and must act with complete propriety at all times,
- protect the reputation of our Firm,
- guard against violation of the securities laws,
- establish procedures for personnel to follow so that we may determine whether their personnel are complying with the firm's ethical principles.

Our Firm and persons associated with us are allowed to invest for their own accounts or to have a financial investment in the same securities or other investments that we recommend or acquire for your account and may engage in transactions that are the same as transactions made in your account. We recognize the fiduciary responsibility to act in your best interest and have established policies to mitigate conflicts of interest.

We have established the following restrictions in order to ensure our firm's fiduciary responsibilities:

1. A director, officer or employee of Abel Hall shall not buy or sell any securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing

public on reasonable inquiry. No supervised employee of Abel Hall shall prefer his or her own interest to that of the advisory client.

2. We maintain a list of all securities holdings of anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of Abel Hall.
3. We emphasize the unrestricted right of the client to decline to implement any advice rendered, except in situations where we are granted discretionary authority of the client's account.
4. We require that all supervised employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
5. Any supervised employee not in observance of the above may be subject to termination.

You may request a complete copy of our Code of Ethics by contacting us at the telephone number on the cover page of this Part 2; Attn: Chief Compliance Officer.

#### Review of Accounts

Our Investment Adviser Representatives will monitor client accounts on at least a quarterly basis and perform reviews with each client annually or as often as is agreed upon by the client and our firm. All accounts are reviewed for consistency with client investment strategy, asset allocation, risk tolerance and performance relative to the appropriate benchmark. More frequent reviews may be triggered by changes in an account holder's personal, tax or financial status. Geopolitical and macroeconomic specific events may also trigger reviews. Clients may request a review at any time.

#### *Statements and Reports*

The custodian for the individual client's account will provide clients with an account statement at least quarterly. Upon request, clients can receive an Abel Hall-prepared written report detailing their current positions, asset allocation, and year-to-date performance. You are urged to compare the reports and invoices provided by our firm against the account statements you receive directly from your account custodian.

#### Client Referrals & Other Compensation

We do not pay referral fees or receive compensation for client referrals.

#### Soft Dollars

Our firm does not accept any direct soft dollars.

Note that Fidelity provides our firm and our clients with access to its institutional brokerage, trading, custody, reporting, and related services, many of which are not typically available to Fidelity retail customers. Fidelity also makes available various support services. Some of those services help us manage or administer our clients' accounts; others help us manage and grow our business. Fidelity's support services generally are available on an unsolicited basis (we do not have to request them) and at no charge to us. These are considered soft dollar benefits because

there is an incentive to do business with Fidelity. This creates a conflict of interest. We recognize the fiduciary responsibility to act in your best interest and have established policies in this regard to mitigate any conflicts of interest.

#### Directed Brokerage

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Neither we nor any of our firm's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. We generally recommend that clients utilize the custody, brokerage and clearing services of our recommended custodians for investment management accounts. Each client will be required to establish their account(s) with this custodian, if not already done established. Please note that not all advisers have this requirement.

#### Financial Information

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We do not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.