



Item 1 – Cover Page

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This Brochure provides information about the qualifications and business practices of Hayden Harper Advisory, LLC (“HHA” or “we”). If you have any questions about the content of this Brochure, please contact us at (704) 343-2447 or [info@haydenharper.com](mailto:info@haydenharper.com). 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.

HHA is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. Additional information about HHA is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

Since our last annual amendment Brochure dated March 29, 2018, our Brochure has been updated as follows:

- Disclosures were added regarding accounts on margin (see Item 5);
- Disclosures were revised regarding 12(b)-1 and other fees which could be incurred by clients in addition to advisory fees paid to the Firm (see Item 5);
- Disclosures were added regarding account minimums (see Item 7).
- Disclosures were added regarding HHA's affiliation with Hayden Harper Tax Advisory, LLC (see Item 10).

We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. This Brochure may be requested by contacting Charlotte Fox Renner, Director of Operations at (704) 343-2447 or [crenner@haydenharper.com](mailto:crenner@haydenharper.com).

Additional information about HHA is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with HHA who are registered, or are required to be registered, as investment adviser representatives of HHA.

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## Item 4 – Advisory Business

HHA is registered with the SEC as an investment adviser and has been in business since 2010. The principal owners of HHA are Hayden Harper, Inc. (50%) and Cannady Financial, Inc. (50%). Hayden Harper, Inc. is a corporation that directly owns 50% of HHA. Michael Fox is the Chief Compliance Officer and he indirectly owns 50% of HHA through direct ownership in Hayden Harper, Inc. Scott Cannady is the Managing Member of HHA, and he indirectly owns 50% of HHA through direct ownership in Cannady Financial, Inc., which is a corporation that directly owns 50% of HHA. As of March 12, 2019, HHA managed \$110,673,873 of client assets on a discretionary basis.

As part of our services, each client portfolio is tailored to the client's particular investment needs and circumstances. This includes discretionary investment management in accounts ("Separate Accounts") based on the client's investment needs and a risk strategy (from conservative to aggressive), which is selected in conjunction with the client and incorporated into the account agreement. The available risk strategies correlate to asset allocation models developed by HHA based on target allocations for various asset classes and sub-classes. Separate Accounts are periodically rebalanced toward their asset allocation targets.

HHA currently offers the following types of advisory programs and services:

1. Family Advisory Services
2. Investment Advisory Services
3. Financial Planning

### ***Family Advisory Services***

For our Family Advisory Services, we support these clients with the management, organization and maintenance for all assets on their balance sheets. We provide a comprehensive set of solutions and assist with a wide range of services that are individually tailored to the clients' needs and objectives. The minimum of assets under management for these services is \$2million (net worth) and fees are charged on the client's total balance sheet.

### ***Hayden Harper Investment Advisory Services***

The Hayden Harper Investment Advisory Services program offers discretionary portfolio management by an investment adviser representative (an "Advisor"). The Advisor's management of the portfolio is based on the investment objectives of each client and may or may not represent the overall objectives of the client's total investment assets. HHA and its Advisors recommend and employ various investment strategies to meet each client's goals. The Advisor works with each client in formulating investment objectives and manages the account within established guidelines regarding, among other matters, diversification and designation of securities that may be purchased.

### ***Financial Planning***

Financial planning services may include a written financial plan that provides the client with a detailed plan designed to achieve stated financial goals and objectives. In general, the plan will address any or all of:

- **Personal:** Family records, budgeting, personal liability, estate information, and financial goals
- **Tax and Cash Flow:** Income tax spending analysis and planning for past and future years
- **Death and Disability:** Cash needs at death, income needs of surviving dependents, estate planning
- **Retirement:** Strategies and investment plans to help the client achieve their retirement goals
- **Investments:** Analysis of investment alternatives and their effect on a client's portfolio.

Information on clients will be gathered through in-depth personal interviews and reviews of personal financial information. Gathering data concerning current financial status, future requirements, risk appetite, and goals is essential. When a written plan is prepared, it is recommended that the client review the plan with tax accountants, attorneys, and other professional service providers.

### Item 5 – Fees and Compensation

The manner in which HHA is compensated and the fees you will pay depends on the type of program or service you select. We have disclosed below the fees and compensation associated with our primary services: (1) Family Advisory Services (2) Investment Advisory Services and (3) Financial Planning.

#### *Family Advisory Services*

The maximum annual fees for clients under this program is 1.50% charged on all assets listed on the client's balance sheet. HHA may also from time to time be reimbursed for expenses that are associated with the tailored services for each individual family. These fees will be agreed upon and disclosed in the advisory agreement.

#### *Investment Advisory Services*

The maximum annual fees for clients under this program is listed below:

Total Client Assets Under Management	Annual Flat Fee
\$0 - \$500,000	1.50%
\$500,000 - \$1,500,000	1.25%
\$1,500,000 +	1.00%

*\*See additional fee structures for specific strategies and investments below.*

For both services, the value of the account(s) is calculated as the market value of all long and short securities/positions in the account(s). Although the fees listed above are "default" fees, they may, in some circumstances, be negotiable. If HHA is assessed a transaction fee, such fee may be passed on to the client at cost. Fees may be paid in arrears or advance as spelled out in the Advisory Agreement. If paid in arrears, the initial fee payment is due following the 1<sup>st</sup> calendar quarter. If paid in advance, the initial fee payment is due following initial account funding. The period for which such payment will be made will run from the opening date through the last day of the full calendar quarter and will be prorated. Thereafter, the quarterly fee is based on the account asset value on the last day of the respective calendar quarter.

### Margin

Investment adviser representatives trade on margin for client's accounts, when consistent with the client's suitability profile and risk tolerance or at the client's directive. This could result in a high portfolio turnover ratio and higher transaction charges in accounts with such charges. Additionally, the use of margin results in interest charges as well as all other fees and expenses associated with the security or account involved.

Fees are debited directly from client accounts and are calculated using the total assets in the account as shown on the client custodial statement, including any assets purchased on margin. If there is a net debit cash balance in the account as a result of using margin, the cash balance will be excluded from the fee calculation. Net positive cash balances in type 1 (cash account) and type 2 (margin account) are included in the fee calculation.

Client will maintain or deposit sufficient funds in the account to cover payment of all fees authorized by the contract, and the client authorizes HHA and the custodian to debit the account balances or redeem money market fund shares in the amount equal to the fee that is due. If there are not funds to cover the fees, HHA may liquidate assets to cover fees.

The advisory fees and transaction charges do not cover charges imposed by third-parties for investments held in the account, such as contingent deferred sales charges or 12(b)-1 trails on mutual funds. In addition, each mutual fund or third party investment manager charges asset management fees, which are in addition to the advisory fees charged by the firm. The fees charged by such funds or managers are disclosed in each fund's prospectus or Manager's ADV Part 2A. Accounts may require a minimum advisory fee or quarterly maintenance fee that will be detailed in the applicable advisory agreement. The Management Fee also does not cover fees and charges in connection with: debit balances; margin interest; odd-lot differentials; IRA fees; transfer taxes; exchange fees; wire transfers; extensions; non-sufficient funds; mailgrams; legal transfers; bank wires; postage; costs associated with exchanging foreign currencies; and SEC fees or other fees or taxes required by law.

Client or HHA may initiate termination of the contract at any time by sending written notice to the other party. Notice will be accepted the day that it is received by the other party. Termination of the contract will not affect any liabilities or obligations of the parties from transactions initiated before termination of the contract or a client's obligation to pay advisory fees (pro-rated through end of the month in which termination is effective). If a client pays for advisory fees in advance and leaves during the quarter, Hayden Harper Advisory, LLC will refund a prorated amount of the "unused" fee. We will calculate this by taking the number of days in the quarter and dividing this into the total amount charged. This determines a "daily" rate. We will then multiply this daily rate by the number of days the client was invested during the quarter. We will subtract this from what was charged at the beginning of the quarter and refund the difference. Fees will be deposited back in the clients' account(s).

### 12(b)-1 Fees

In addition to the advisory fees paid to HHA, clients can 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 securities brokerage commissions, transaction fees, custodial fees, fees charged by the Independent Managers, charges imposed directly 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, 12(b)-1 fees), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions.

Some mutual funds within this program pay 12(b)-1 service fees (normally 0.25% per year) to the Custodian or Manager. The mutual funds the Firm could purchase or recommend offer a variety of share classes, including some that do not charge 12(b)-1 fees and are, therefore, less expensive. These fee arrangements will be disclosed upon request of a client and are available in the applicable fund's prospectus.

There are instances in which the HHA would recommend a mutual fund that carries a 12(b)-1 fee, even when a lower-cost share class is available for the same fund. For example, a lower-cost class share may not be available to HHA due to investment minimums. In other cases, mutual funds charging 12(b)-1 fees are transferred into HHA. In which case the Firm may recommend the client holds the existing share class, instead of selling the fund and buying a lower-cost share, which could result in a tax liability. In addition, some mutual funds charge 12(b)-1 fees, but no transaction fees, while other share classes in the same fund family do not charge 12(b)-1 fees, but do charge transaction fees. Mutual funds charging 12(b)-1 fees will be recommended when the overall cost is seen as a benefit to the client if the anticipated transaction fees exceed the anticipated 12(b)-1 fees. When recommending a particular mutual fund share classes, the different available share classes are compared and reviewed along with the anticipated investment timeframe, potential tax consequences, future anticipated transactions and other costs to determine the best selection for the client at that time. HHA does not receive any part of the fees charged by Mutual Funds.

Although HHA believes its fees are reasonable in light of the services provided, clients should be aware that transaction fees may be more or less than those otherwise available if advisory services and brokerage services were provided separately for a discrete fee or if an investment Advisor were to select brokerage and negotiate commissions in the absence of the extra consulting service provided. The comparison is dependent upon a number of factors, including the frequency of brokerage activity in the client's account, the size of the account under management, and any negotiated fee arrangements with respect to the account. An investor should consider these factors prior to opening an account with HHA. Clients should consider the value of the additional consulting services when making such comparisons. The combination of custodial, consulting, and brokerage services may not be available separately or may require multiple accounts, documentation, and fees. All fees described herein are subject to negotiation depending on a range of factors including, but not limited to, account size and overall range of services requested.

HHA does not normally consider its management fee to be negotiable, although it reserves the right in its discretion, based on factors it deems relevant, to agree to a management fee for any particular client that varies from the fee set forth in the fee schedule above and which may be lower or higher than fees charged to another client with a similar sized account. Relevant factors that may lead to a variation in fees include, for example, the size and scope of the client's overall relationship with HHA and its affiliates and the fees that the client's account was charged at another firm prior to transferring to HHA. Additionally, HHA may provide investment advisory services to employees or the family of employees at no cost or a reduced rate.

### ***Financial Planning***

The basic fees for financial planning services will be fixed and/or hourly and are negotiable. Fees may be charged during and or after services are delivered. The client may terminate the arrangement at any time, in writing, and will be refunded a portion of the fee based upon a pro-rated calculation related to the time and expense expended by HHA.

### **Fees and Compensation for Subadvisory Services**

#### ***-Investment Management Strategies with TayMor Capital, LLC***

The fees for the sub advisory investment management services with the Cygnus Group, LLC and TayMor Capital, LLC are negotiable and an individual client's fee arrangement will be memorialized in his, her, or its investment advisory agreement. HHA and its clients will generally agree to (i) a maximum annual fee of 2.00% to be paid quarterly in arrears; and/or (ii) a maximum performance-based fee of 10% of net capital appreciation subject to a high water mark, as disclosed in the individual manager's Firm Brochure.

HHA will deduct the fees for these strategies from clients' accounts; however, HHA does not receive any portion of these fees as they are paid directly to the investment managers of these strategies per the executed sub advisory agreements.

### **Item 6 – Performance-Based Fees**

HHA does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### **Item 7 – Types of Clients**

HHA provides investment advisory services to a broad array of clients, which include individuals, high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and corporations or other businesses. While there is no minimum account size for investment advisory services, the minimum assets under management for Family Advisory Services is \$2 million (net worth). HHA has the discretion to waive this minimum.

Certain third party money managers may require a minimum as disclosed in the individual manager's Firm Brochure. Under certain circumstances, the minimum may be waived, including related accounts that are combined to meet the minimum.

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

#### ***Methods of Analysis***

HHA formulates investment advice using the following analysis methods: charting, fundamental, technical, and cyclical. HHA uses a variety of sources and investment techniques to generate investment ideas and monitor portfolio holdings including, without limitation, calls with company management, industry trade



publications, annual report and company filings, publicly available market and economic research, electronic data and quotation services, spreadsheet analysis, and statistical forecasting.

### ***Investment Strategies***

HHA implements investment advice for clients using the following strategies: long term purchases (securities held at least a year); short term purchases (securities sold within a year); trading (securities sold within 30 days); short sales; margin transactions; and option writing, including covered options, uncovered options, or spreading strategies.

### ***Risk of Loss***

Investing in securities involves risk of loss that clients should be prepared to bear. Some of the primary risks of investing are summarized below:

- **Interest Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## Item 9 – Disciplinary Information

As a registered investment adviser, HHA is required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of HHA or the integrity of its management. HHA currently has no information applicable to this Item.

## Item 10 – Other Financial Industry Activities and Affiliations

HHA provides Business Advisory Financial services for small businesses. Services include reviewing financial procedures, practices and documentation, preparing and helping implement new systems as well as assist with any financial system conversions and on-going financial analysis and support.

Michael Fox is an officer of HHA. In addition to working at HHA, he also participates in other business activities and holds the following position: Manager of Hayden Harper Inc.'s investment companies, which include the Direct Energy products.

Hayden Harper Tax Advisory, LLC is affiliated with HHA through common ownership. Hayden Harper Tax Advisory, LLC may be recommended for tax preparation services. Such services are separate and distinct from advisory services offered through HHA. HHA does not offer tax planning services and does not have any obligation or duty to minimize the amount of taxes paid by the client or to take advantage of all deductions or credits that may be available to the client. Clients are under no obligation to use Hayden Harper Tax Advisory, LLC for tax advisory services, and are free to work with a tax accountant or advisor of their choice.

John Teed is a representative of HHA. In addition to working with HHA, he also participates in other business activities and holds the following positions: Managing member of the Gaskin Teed Capital, LLC. HHA and its Advisors have recommended in the past that clients make investments in the Gaskin Teed Blue Fund, LP which is managed by this affiliated entity. HHA or its Advisors may recommend this fund in which John Teed both directly and indirectly benefits by serving as general partner. The general partner receives compensation from the fund for managing the fund. Additionally, the fund may pay the general partner a performance fee. This compensation arrangement poses a conflict of interest to the extent that it creates a financial incentive to increase the fund's assets and thereby increase the fees payable to HHA's affiliates. HHA is constrained by fiduciary principles to act in its clients' best interests when managing accounts and will invest clients in affiliated funds only when it is suitable to do so. HHA monitors activity in its clients' accounts in an effort to ensure that transactions are appropriate. As a policy, all orders to purchase affiliated funds will be sold on a non-discretionary basis.

## Item 11 – Code of Ethics

HHA has adopted a Code of Ethics for all its supervised persons describing its high standard of business conduct and its fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities

trading procedures, among other things. All supervised persons at HHA must acknowledge the terms of the Code of Ethics annually, or as amended.

Advisors of HHA may buy or sell securities that are recommended to clients. HHA's employees and persons associated with HHA are required to follow the Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors, and employees of HHA and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for HHA's clients. The Code of Ethics is designed to ensure that the personal securities transactions, activities, and interests of the employees of HHA will not interfere with making decisions in the best interest of advisory clients and implementing such decisions, while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of HHA's clients. In addition, the Code requires pre-approval of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between HHA and its clients.

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

It is HHA's policy not to effect any principal or agency cross securities transactions for client accounts. HHA will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction.

Clients or prospective clients may request a copy of the Code of Ethics by contacting Charlotte Renner at (704) 343-2447.

## Item 12 – Brokerage Practices

HHA generally requires that clients open brokerage accounts with one of the following custodians:

1. TD Ameritrade Institutional ("TD Ameritrade"), a division of TD Ameritrade, Inc. and TD Ameritrade Clearing, Inc., both registered broker-dealers and members of SIPC
2. Schwab Advisor Services, a division of Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer and member of SIPC

### ***TD Ameritrade***

HHA participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between HHA's participation in the program and the investment advice it gives to its Clients, although HHA receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors.

HHA receives economic benefits through participation in the program that are typically not available to retail investors. 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 adviser 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 HHA by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by related persons.

Some of the products and services made available by TD Ameritrade through the program may benefit HHA but not client accounts. These products or services may assist HHA in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop HHA's business enterprise. The benefits received through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade.

HHA participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade"), a FINRA/SIPC member. TD Ameritrade, Inc. is an independent and unaffiliated SEC-registered broker-dealer.

TD Ameritrade offers to independently registered investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. HHA receives some benefits from TD Ameritrade through its participation in the program. Any research received is used to service all of our client's accounts.

Clients may pay commissions or transaction fees that are higher than those obtainable from other brokers in return for those products and services. As part of its fiduciary duties to clients, HHA endeavors at all times to put the interests of its clients first. HHA has a duty to obtain best execution for its clients. Clients should be

aware, however, that the receipt of economic benefits by HHA or its related persons creates a potential conflict of interest and may indirectly influence the choice of TD Ameritrade for custodial and brokerage services.

### ***Schwab***

Schwab provides HHA with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services. These services are not contingent upon committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Advisor Services also makes available to HHA other products and services that benefit HHA but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of HHA's accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist HHA in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of HHA's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Advisor Services also offers other services intended to help HHA manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants, and insurance providers. Schwab may make available, arrange to pay third-party vendors for the types of services rendered to HHA. Schwab Advisor Services 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 HHA. Schwab Advisor Services may also provide other benefits such as educational events or occasional business entertainment of HHA personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, HHA may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

### ***Equity Trust***

HHA uses Equity Trust (dba, Sterling Trust Company) as a custodian for several legacy private placement investments. We do not actively trade at this custodian and do not open any new accounts with them.

### **Item 13 – Review of Accounts**

All accounts are reviewed by their investment adviser representative and compliance officer not less than annually. Factors that are considered include, but are not limited to, the following: investment objectives/management style, targeted allocation/current allocation, suitability, performance, number of trades, and concentrated positions/diversification. Following the annual review, a supervisory review will also be done.

Some potential examples of situations that may prompt a monthly review include the following: performance is not in line with the client's "downside risk tolerance," change in investment objective, the client makes a significant addition of capital or withdrawal of capital from the account, rebalancing of the portfolio if current allocation and targeted allocation are not consistent, frequency of trades is not in line with objectives and current account type, or a concentrated position that is leading to account volatility.

For all accounts, at least annually, HHA will contact the client and request current information about the client to determine whether there have been any changes in the current information related to risk tolerance or objectives. Client agrees to inform HHA in writing of any material changes in the account information or the client's financial circumstances that might affect the manner in which client's assets should be invested. Client may contact the HHA during normal business hours to consult with the Advisor concerning the management of the client's account(s).

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

HHA does not compensate others for client referrals.

HHA may recommend TD Ameritrade to clients for custodial and brokerage services. HHA receives economic benefits through its participation in the program which may include third party research and brokerage services. HHA, through its participation in the program, may receive discounts on compliance, marketing, technology, and practice management products or services provided to advisor by third party vendors. The benefits received by HHA, or its related persons, do not depend on the amount of brokerage transactions directed to TD Ameritrade.

As part of its fiduciary duties to clients, HHA endeavors at all times to put the interests of its clients first. HHA has a duty to obtain best execution for its clients. Clients should be aware, however, that the receipt of economic benefits by HHA or its related persons creates a potential conflict of interest and may indirectly influence the choice of TD Ameritrade for custodial and brokerage services.

Generally, in addition to a broker's ability to provide "best execution," we may also consider the value of "research" or additional brokerage products and services a broker/dealer has provided or may be willing to

provide. This is known as paying for those services or products with "soft dollars." Because many of the services or products could be considered to provide a benefit to the firm, and because the "soft dollars" used to acquire them are client assets, the firm could be considered to have a conflict of interest in allocating client brokerage business: it could receive valuable benefits by selecting a particular broker or dealer to execute client transactions and the transaction compensation charged by that broker or dealer might not be the lowest compensation the firm might otherwise be able to negotiate. In addition, the firm could have an incentive to cause clients to engage in more securities transactions than would otherwise be optimal in order to generate brokerage compensation with which to acquire products and services.

The firm's use of soft dollars is intended to comply with the requirements of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) provides a "safe harbor" for investment managers who use commissions or transaction fees paid by their advised accounts to obtain investment research services that provide lawful and appropriate assistance to the manager in performing investment decision/making responsibilities. As required by Section 28(e), the firm will make a good faith determination that the amount of commission or other fees paid is reasonable in relation to the value of the brokerage and research services provided. That is, before placing orders with a particular broker, we generally determine, considering all the factors described below, that the compensation to be paid to TD Ameritrade is reasonable in relation to the value of all the brokerage and research products and services provided by TD Ameritrade. In making this determination, we typically consider not only the particular transaction or transactions, and not only the value of brokerage and research services and products to a particular client, but also the value of those services and products in our performance of our overall responsibilities to all of our clients. In some cases, the commissions or other transaction fees charged by a particular broker/dealer for a particular transaction or set of transactions may be greater than the amounts another broker/dealer who did not provide research services or products might charge.

### Item 15 – Custody

Clients should receive at least quarterly statements from the broker dealer, bank, or other qualified custodian that holds and maintains client's investment assets. HHA urges you to carefully review these statements and compare these official custodial records to the account statements that we may provide to you. Any statements we provide to you may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. For any private placements or partnership investments, clients will receive audited financials and/or tax returns generally within 120 days of its fiscal year end.

### Item 16 – Investment Discretion

HHA and its Advisors usually receive discretionary authority from the client at the outset of an advisory relationship. Investment discretion allows the Advisor to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives of the particular client account. When selecting securities and determining amounts,

Advisors observe the investment policies, limitations, and restrictions of each client. Investment guidelines and restrictions must be provided to HHA in writing.

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

As a matter of policy and practice, HHA does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. HHA may provide advice to clients regarding the clients' voting of proxies. Clients will receive their proxies or other solicitations directly from their custodian or transfer agent.

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

As a registered investment adviser, HHA is required in this Item to provide you with certain financial information or disclosures about its financial condition. HHA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.