

## Item 1: Cover Page

### **Part 2A of Form ADV Firm Brochure**

November 25, 2024

#### **Hinds Financial Group, Inc.**

SEC File No. 801-62684

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This brochure provides information about the qualifications and business practices of Hinds Financial Group, Inc. If you have any questions about the contents of this brochure, please contact us at 303-985-9889. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration with the SEC or state regulatory authority does not imply a certain level of skill or expertise.

Additional information about Hinds Financial Group, Inc., is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

There are no material changes to this Brochure from the last update issued on December 19, 2023.

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## Item 4: Advisory Business

### A. Ownership/Advisory History

Hinds Financial Group, Inc. is a registered investment adviser based in Lakewood, Colorado. We are organized as a corporation under the laws of the State of Colorado. We have been providing investment advisory services since 2004. Cynthia Hinds and Jonathan Kelley are our principal owners.

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to Hinds Financial Group and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm.

### B. Advisory Services Offered

#### Asset Management and Plan Implementation

We offer discretionary, and in rare cases, non-discretionary asset management services. Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm for asset management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information (the "suitability information") to develop an Investor Profile at the beginning of our advisory relationship. Based on information from your Investor Profile and analysis of your financial situation, we will develop a written statement of investment policy, asset allocation model, and recommended portfolio. Depending upon the investment strategy that we choose together, we may invest your assets using a predefined strategy, or we may invest your assets according to one or more model portfolios developed by our firm or outsourced to a third-party money manager. Once we construct an investment portfolio for you or select a model portfolio, we will monitor your portfolio's performance on an ongoing basis, and we will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

Additional services may be provided. These services include, but are not limited to: (a) selection of mutual funds and/or third-party money managers to implement the Statement of Investment Policy; (b) monitoring the performance of mutual funds, third-party money managers, and variable annuities; (c) trading or exchanging of mutual funds and variable annuities when deemed advisable to achieve your objectives; and (d) reporting investment results to you.

If you participate in our discretionary asset management and implementation services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities and the amount of those securities to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. If you enter into

non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account.

You have the right to provide us with any reasonable investment restrictions that should be imposed on the management of your portfolio, and should promptly notify us in writing of any changes in such restrictions or in your personal financial circumstances, investment objectives, goals, and tolerance for risk. We will remind you of your obligation to inform us of any such changes or any restrictions that should be imposed on the management of your account. We will also contact you at least annually to determine whether there have been any changes in your personal financial circumstances, investment objectives, and tolerance for risk.

### **Portfolio Management**

As part of our asset management services, our investment adviser representatives may utilize a custom approach to manage your assets based upon your investment goals, objectives, and tolerance for risk. In addition, we may use our risk-based models or one or more portfolio strategists or third-party money managers to manage a portion of the client's investment portfolio. Such third-party managers may be through the Envestnet Platform or independent of such Platform. Factors we take into consideration when making our recommendation include, but are not limited to, the money manager's performance, investment strategies, methods or analysis, advisory fees and other fees, assets under management, and the client's financial objectives and risk tolerance. We would generally retain authority to hire/fire the third-party money manager, and we regularly monitor the performance of the money manager to ensure its management and investment style remain aligned with the client's objectives and risk tolerance. We continuously manage any third-party money manager relationship and continuously monitor the client's account(s) for performance metrics and adherence to the client's Investor Profile. Each third-party money manager maintains a separate disclosure document that will be provided directly to the client from the third-party money manager. The client should carefully review the third-party money manager's disclosure document for information regarding fees, risks and investment strategies, and conflicts of interest. The third-party money manager will charge fees to the client, which fees will be in addition to the fees charged by us.

### **Financial Planning Services**

We offer broad-based, modular, and consultative financial planning as a standalone service, or, in very rare cases, as mutually agreed by the client and firm, ongoing financial planning services. Financial planning will typically involve providing a variety of advisory services regarding the management of your financial resources based upon an analysis of your individual needs. If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. Financial analysis is performed in the areas of tax planning, budgeting, children's education, retirement planning, life insurance and disability protection, long-term care insurance, estate planning, investments, business planning, and charitable gift planning, as applicable.

Once we specify those long-term objectives (both financial and non-financial), we will develop shorter term, targeted objectives. Then we will deliver a written plan to you, designed to help you achieve your stated financial goals and objectives. The financial plan includes written

presentation of your objectives and goals, a summary of assumptions used in preparing a financial analysis, a summary of significant events occurring during the planning period, a discussion addressing each of your objectives, assessment of your ability to achieve each goal, and recommendations detailing the steps you must take to achieve stated objectives.

Our financial planning services may include any one or more of the following:

- *Business Planning* - We provide owners of small businesses with advice about business continuation planning, employee benefit plans, qualified and non-qualified retirement plans.
- *Estate Planning* - This service addresses your concerns regarding procedures for accumulating, conserving, and distributing your estate property. Working in close harmony with your other advisers, and based on your objectives, we provide an analysis and recommendations that first determine if there are sufficient income sources to meet lifestyle needs, and then determine strategies for efficient estate distribution. These planning strategies are designed to be tax-effective and to maximize the estate transferred to your heirs.
- *Retirement Planning* - This service may include: Income projections based on inflation rates, investment earnings, and retirement age; tax calculation including penalty tax, income tax, and estate tax; consideration of traditional and alternative Retirement Plans such as Private Pension, Deferred Compensation, Charitable Pension, Pension, Profit Sharing, 401(k), IRA Rollover. Detailed analysis of retirement distribution options with focus on Mandatory distributions at age 72 and Retirement Plan Beneficiary designations.
- *Charitable Gift Planning* - Using a planning process, we help individuals achieve their financial, tax, and estate planning objectives as well as their philanthropic goals by means of Charitable Gift Strategies. We can analyze the financial and tax implications of a gift. We can coordinate, with your attorney and accountant, the implementation of a gift.
- *Consulting* – Services may include portfolio monitoring, group retirement enrollment/education meetings, and/or ongoing or periodic investment advisory consulting.

Financial plans are based on your financial situation at the time we present the plan to you and on the financial information you provide to us. You must promptly notify us if your financial situation, goals, objectives, or needs change.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through our asset management or implementation services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

## **C. Client-Tailored Services and Client-Imposed Restrictions**

Each client's account will be managed on the basis of the client's financial situation and investment objectives and, subject to acceptance by the firm, reasonable restrictions imposed by

the client on the management of the account. We generally do not allow client input on the specific securities used within our investment strategies.

#### **D. Wrap Fee Programs**

We may recommend wrap fee programs offered by Envestnet Asset Management to manage all or a portion of our clients' investment portfolios. Generally, these assets are custodied with Pershing through Cetera Advisor Networks. Many of our advisors are also IARs with Cetera Advisor Networks and might present their programs as an option separate from their affiliation with our firm (see Item 10.D of this disclosure brochure for additional disclosures and conflicts of interest).

#### **E. Client Assets Under Management**

As of September 30, 2024, our firm manages \$489,566,385 of discretionary assets and \$6,522,121 of non-discretionary assets.

## Item 5: Fees and Compensation

### A. Methods of Compensation and Fee Schedule

#### Asset Management and Plan Implementation Fees

Our standard fee for portfolio management services is based on a percentage of your assets we manage and is set forth in the following fee schedule. Our fees may be combined with Envestnet PMC asset management fees for one overall management fee. Fees are negotiable.

Assets Under Management	Envestnet Platform Fee	Annual Fee	Total Fee
First \$500,000	0.10%	1.30%	1.40%
Next \$500,000	0.10%	1.04%	1.14%
\$1,000,000 – 1,500,000	0.10%	0.82%	0.92%
\$1,500,000 +	0.10%	0.66%	0.76%

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above. Envestnet may assess minimum program fees for accounts less than \$150,000. Such minimum fees may range from \$75 to \$150 depending on the Envestnet Program utilized.

*Client accounts billed in-house:* Our annual asset management fee is billed and payable quarterly in arrears based on the value of your account on the last day of the quarter. If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client.

*Client accounts billed through Envestnet:* Our firm's asset management fees may be combined with Envestnet's platform fee for one overall management fee that will be detailed in your portfolio management agreement, as applicable. The majority of our firm's clients are billed through Envestnet PMC's system, in conjunction with Envestnet's fees, and subject to their billing arrangements. Fees collected through this system are billed and payable quarterly in arrears based on the average daily value of your account during the previous quarter. Fees are based on the number of days in the quarter divided by 365. The initial fee is calculated as of the last day of the month in which services are first provided and includes a prorated fee covering services provided during that month. Envestnet's fees are included in the above fee schedule and range from 0.1% to 0.02% depending on the size of the account.

These fees are itemized in a "Statement of Investment Selection," "Performance Reporting Only Agreement," or similar document signed by the client on a per account basis; clients are referred to such document for the specific advisory fee(s) applicable to their account(s). Financial planning fees are subject to a \$1,000 minimum fee. Exceptions to this minimum fee requirement may be made on a case-by-case basis.

### **Third-Party Money Manager Fees**

Advisory fees charged by third-party money managers are separate and apart from our advisory fees. Advisory fees that you pay to third-party money managers are established and payable in accordance with the brochure provided by each third-party money manager to whom you are referred. These fees may or may not be negotiable. You should review the recommended third-party money manager's brochure and take into consideration their fees along with our fees to determine the total amount of fees associated with this program.

Our firm engages third-party money managers to manage client accounts. Such manager's fee is generally in addition to our fee. For third-party managers utilized through the Envestnet Wrap Fee Program, we receive a portion of the total wrap fee for our services.

The total fee is disclosed in a "Statement of Investment Selection." A breakdown is also available upon request.

### **Financial Planning Fees**

For our financial planning services, we charge fixed fees, hourly fees, or a combination of both. Our financial planning fees are negotiable depending on the scope and complexity of the plan, your financial situation, and your objectives.

***Fixed Fees.*** Generally, fixed fees fall within a range of \$1,000 to \$10,000 depending on the complexity of the plan, the estate value, and the number of hours spent by professional and administrative staff in preparation of the plan. For standalone financial planning services, fees are due within 30 days of our presentation of the plan to you. If you engage our firm for ongoing financial planning services, we offer you the ability to pay your annual fixed fee on a monthly basis.

***Hourly Fees.*** Hourly fees vary, depending on the expertise and experience of each planning consultant (from \$150/hour to \$350/hour) and administrative staff (from \$100/hour to \$150/hour). An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and request that you approve the additional time/fee. Fees are due within 30 days of our presentation of the plan to you.

***Retainer Fees.*** If you contract our firm for ongoing plan updating and review services, we will charge an annual update fee ranging from \$5,000 to \$25,000, depending on the complexity of the plan and the number of professional and administrative hours required to complete the review and produce appropriate analysis and recommendations. We do not recommend specific investments within the arrangement. Fees are billed when the work is completed.

If you wish to have only one set of financial objectives addressed (such as tax, estate, education, or retirement planning), we will prepare specialized reports for you. The standard fee for a report will be a minimum of \$1,000. The actual fee will vary, depending on the amount of professional and administration time required to complete the analysis. Hourly charges may vary, based on the experience and expertise of the staff involved. Fees are billed when the work is completed.

## **B. Client Payment of Fees**

We do not require the prepayment of fees. For investment management services, we require clients to authorize the direct debit of fees from their accounts. Exceptions may be granted subject to the firm's consent for clients to be billed directly for our fees. For directly debited fees, the custodian's periodic statements will show each fee deduction from the account. Clients may withdraw this authorization for direct billing of these fees at any time by notifying us or their custodian in writing. We will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account. The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

A client investment advisory agreement may be terminated by either party for any reason upon receipt of written notice. Upon termination, any unearned, prepaid fees will be promptly refunded.

A financial planning agreement may be terminated by either party for any reason upon receipt of written notice. You will incur a pro rata charge for services rendered prior to the termination of the agreement. Unless you contract our firm to review, update, and administer your plan, the financial planning contract automatically terminates upon presentation of the plan to you.

## **C. Additional Client Fees Charged**

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, separate account managers, private placement, pooled investment vehicles, broker-dealers, and custodians retained by clients. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus, each separate account manager's Form ADV and Brochure and Brochure Supplement or similar disclosure statement, each private placement or pooled investment vehicle's confidential offering memoranda, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using our firm may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

## **D. External Compensation for the Sale of Securities to Clients**

Our advisory professionals may be paid sales, service, or administrative fees for the sale of mutual funds or other investment products. Our advisory professionals may receive commission-based compensation for the sale of securities and insurance products. Investment adviser representatives, in their capacity as a Cetera Advisor Networks registered representative, are prohibited from earning an advisory fee on the securities value transferred from an advisory

client's Cetera Advisor Networks brokerage account unless commissions earned on such securities transactions occurred at least 12 months prior to the transfer. Please see Item 10.C. for detailed information and conflicts of interest.

## **E. Important Disclosure – Custodian Investment Programs**

Please be advised that certain of the firm's investment adviser representatives are registered with a broker-dealer and/or the firm is a broker-dealer or affiliated with a broker-dealer. Under these arrangements, we can access certain investment programs offered through the broker-dealer that offer certain compensation and fee structures that create conflicts of interest of which clients need to be aware. As such, the investment adviser representative and/or the firm would have an economic incentive to recommend the purchase of 12b-1 or revenue share class mutual funds offered through the broker-dealer platform rather than from the investment adviser platform. Some advisory clients may own mutual funds that are transferred in-kind to Pershing upon the opening of an account that may pay a 12b-1 fee. In addition, some funds do not have an institutional share class or cannot be converted to an institutional share class without potentially triggering tax issues. We have a policy of reviewing our advisory accounts that trigger a 12b-1 and refunding them to the advisory account. Please note the following:

***Limitation on Mutual Fund Universe for Custodian Investment Programs:*** Please note that as a matter of policy we prohibit the receipt of revenue share fees from any mutual funds utilized for our advisory clients' portfolios. There are certain programs in which we participate where a client's investment options may be limited in certain of these programs to those mutual funds and/or mutual fund share classes that pay 12b-1 fees and other revenue sharing fee payments, and the client should be aware that the firm is not selecting from among all mutual funds available in the marketplace when recommending mutual funds to the client.

***Conflict Between Revenue Share Class (12b-1) and Non-Revenue Share Class Mutual Funds:*** Revenue share class/12b-1 fees are deducted from the net asset value of the mutual fund and generally, all things being equal, cause the fund to earn lower rates of return than those mutual funds that do not pay revenue sharing fees. The client is under no obligation to utilize such programs or mutual funds. Although many factors will influence the type of fund to be used, the client should discuss with their investment adviser representative whether a share class from a comparable mutual fund with a more favorable return to investors is available that does not include the payment of any 12b-1 or revenue sharing fees given the client's individual needs and priorities and anticipated transaction costs. In addition, the receipt of such fees can create conflicts of interest in instances (i) where our adviser representative is also licensed as a registered representative of a broker-dealer and receives a portion of 12b-1 and or revenue sharing fees as compensation – such compensation creates an incentive for the investment adviser representative to use programs which utilize funds that pay such additional compensation; and (ii) where the custodian receives the entirety of the 12b-1 and/or revenue sharing fees and takes the receipt of such fees into consideration in terms of benefits it may elect to provide to the firm, even though such benefits may or may not benefit some or all of the firm clients.

***Additional Disclosure Concerning Wrap Programs:*** To the extent that we either sponsor or recommend wrap fee programs, please be advised that certain wrap fee programs may (i) allow our investment adviser representatives to select mutual fund classes that either have no transaction fee costs associated with them but include embedded 12b-1 fees that lower the investor's return ("sometimes referred to as "A-Shares," depending on the mutual fund issuer), or (ii) allow the use of mutual fund classes that have transaction fees associated with them but do not carry embedded 12b-1 fees (sometimes referred to as "I-Shares," depending on the mutual fund sponsor). Wrap fee programs offer investment services and related transaction services for one all-inclusive fee (except as may be described in the applicable wrap fee program brochure). The trading costs are typically absorbed by the firm and/or the investment representative. If a client's account holds A-Shares within a wrap fee program, the firm and/or its investment adviser representative avoids paying the transaction fees charged by other mutual fund classes, which in effect decreases the firm's costs and increases its revenues from the account. Effectively, the cost is transferred to the client from the firm in the form of a lower rate of return on the specific mutual fund. This creates an incentive for the firm or investment adviser representative to utilize such funds as opposed to those funds that may be equally appropriate for a client but do not carry the additional cost of 12b-1 fees. As a policy matter, the firm does not allow funds that impose 12b-1 or revenue sharing fees on the client's investment within its wrap fee programs. Clients should understand and discuss with their investment adviser representative the types of mutual fund share classes available in the wrap fee program and the basis for using one share class over another in accordance with their individual circumstances and priorities.

For accounts managed by third-party managers, please refer to their disclosure documents.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

We do not currently accept performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7: Types of Clients**

We offer investment advisory services to individuals, banks or thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

In general, we require a minimum of \$100,000 to open and maintain an advisory account. At our discretion, we may waive this minimum account size. For example, we may waive the minimum if you appear to have significant potential for increasing your assets under our management. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

Financial planning fees are subject to a \$1,000 minimum annual fee. Exceptions to this minimum fee requirement may be made on a case-by-case basis. In addition, Envestnet may assess minimum program fees for accounts less than \$150,000. Such minimum fees may range from \$75 to \$150 depending on the Envestnet Program utilized.

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

### A. Methods of Analysis and Investment Strategies

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear. There is no guarantee that any specific investment or strategy will be profitable for a particular client.**

#### Methods of Analysis

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

- **Fundamental Analysis** – Involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. *Risk:* The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.
- **Modern Portfolio Theory (MPT)** – A theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully diversifying the proportions of various assets. *Risk:* Market risk is that part of a security's risk that is common to all securities of the same general class (stocks and bonds) and thus cannot be eliminated by diversification.
- **Long-Term Purchases** – Securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year. *Risk:* Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term, which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.
- **Short-Term Purchases** – Securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. *Risk:* Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

We may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk.

Virtually all of our client's accounts are managed using a long-term approach. We first confirm that our clients' short-term cash, emergency fund, and insurance coverage needs are satisfied. Then, we design investment strategies to help meet their financial objectives. These strategies may include both long-term and short-term purchases.

Our overall objective is to manage assets to earn reasonable returns and be risk-averse within the parameters of your stated investment objectives. Investments are reviewed periodically and adjusted in accordance with your investment strategy. Reallocation is done by exercising limited discretionary authority; funds and variable annuity sub accounts may be exchanged within fund families or to no load funds and new purchases may be made if cash has been added to the account. Upon review and agreement by the firm and you, your Asset Allocation Model may be changed.

We employ a number of industry techniques and standards to manage your assets and reduce risk. Some of the techniques include, but are not limited to market trend analysis, monitoring specific assets and asset classes, asset modeling and review. Investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

We generally do not perform quantitative or qualitative analysis of individual securities. Exceptions are around a few core positions and taxable accounts with legacy positions. We look at them generally at a fundamental perspective. We will advise you on how to allocate your assets among various classes of securities, portfolios, or third-party investment advisers. In the case of third-party advisers, we primarily rely on investment model portfolios and strategies developed by the adviser and their portfolio managers. We may replace or recommend replacing a third-party adviser if there is a significant deviation in characteristics or performance from the stated strategy and/or benchmark. If a mutual fund does not continue to meet predetermined standards, that fund is replaced with another fund that meets those standards and is consistent with your Statement of Investment Policy.

In designing an investment portfolio, we may use asset allocation models provided by outside vendors including, but not limited to, Ibbotson Associates, Morningstar, First Accent, and Envestnet PMC. We also consult with specialists in taxation, banking and law, as well as experts in particular investment categories (such as mutual funds or separate account managers). In addition, we rely on the due diligence efforts of the non-affiliated broker-dealer, Cetera Advisor Networks LLC, to which staff are associated as Registered Representatives, to advise us about the characteristics of a broad array of investment products.

### **Mutual Funds, Individual Securities, and Third-Party Separate Account Managers**

We may recommend “institutional share class” mutual funds and individual securities (including fixed income instruments). We may also assist the client in selecting one or more appropriate manager(s) for all or a portion of the client’s portfolio. Such managers will typically manage assets for clients who commit to the manager a minimum amount of assets established by that manager—a factor that we will take into account when recommending managers to clients.

A description of the criteria to be used in formulating an investment recommendation for mutual funds, ETFs, individual securities (including fixed-income securities), and managers is set forth below.

We have formed relationships with third-party vendors that

- provide a technological platform for separate account management
- prepare performance reports
- perform or distribute research of individual securities
- perform billing and certain other administrative tasks

We may utilize additional independent third parties to assist in recommending and monitoring individual securities, mutual funds, and managers to clients as appropriate under the circumstances.

We review certain quantitative and qualitative criteria related to mutual funds and managers and to formulate investment recommendations to clients. Quantitative criteria may include

- the performance history of a mutual fund or manager evaluated against that of its peers and other benchmarks
- an analysis of risk-adjusted returns
- an analysis of the manager’s contribution to the investment return (e.g., manager’s alpha), standard deviation of returns over specific time periods, sector and style analysis
- the fund or manager’s fee structure
- the relevant portfolio manager’s tenure

Qualitative criteria used in selecting/recommending mutual funds or managers include the investment objectives and/or management style and philosophy of a mutual fund or manager; a mutual fund or manager’s consistency of investment style; and employee turnover and efficiency and capacity.

We review quantitative and qualitative criteria related to mutual funds and managers on a quarterly basis or such other interval as appropriate under the circumstances. In addition, mutual funds or managers are reviewed to determine the extent to which their investments reflect efforts to time the market, or evidence style drift such that their portfolios no longer accurately reflect the particular asset category attributed to the mutual fund or manager (both of which are negative factors in implementing an asset allocation structure).

We may negotiate reduced account minimum balances and reduced fees with managers under various circumstances (e.g., for clients with minimum level of assets committed to the manager for specific periods of time, etc.). There can be no assurance that clients will receive any reduced

account minimum balances or fees, or that all clients, even if apparently similarly situated, will receive any reduced account minimum balances or fees available to some other clients. Also, account minimum balances and fees may significantly differ between clients. Each client's individual needs and circumstances will determine portfolio weighting, which can have an impact on fees given the funds or managers utilized. We will endeavor to obtain equal treatment for its clients with funds or managers, but cannot assure equal treatment.

We will regularly review the activities of mutual funds and managers utilized for the client. Clients that engage managers or who invest in mutual funds should first review and understand the disclosure documents of those managers or mutual funds, which contain information relevant to such retention or investment, including information on the methodology used to analyze securities, investment strategies, fees and conflicts of interest.

### **Material Risks of Investment Instruments**

We primarily offer advice on equity securities, fixed income securities, mutual funds, exchange traded funds, U.S. government securities, municipal securities, corporate debt obligations, and variable annuities.

Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

#### **Equity Securities**

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

#### **Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

#### **Exchange-Traded Funds ("ETFs")**

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs<sup>®</sup>, streetTRACKS<sup>®</sup>, DIAMONDS<sup>SM</sup>, NASDAQ 100 Index

Tracking Stock<sup>SM</sup> ("QQQs<sup>SM</sup>") iShares<sup>®</sup> and VIPERs<sup>®</sup>. ETFs have embedded expenses that the client indirectly bears.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

### **Fixed Income Securities**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S. or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds have liquidity and currency risk.

### **U.S. Government Securities**

U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. government securities may be supported by the full faith and credit of the United States.

### **Municipal Securities**

Municipal securities carry additional risks than those of corporate and bank-sponsored debt securities described above. These risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer is domiciled.

### **Corporate Debt Obligations**

Corporate debt obligations include corporate bonds, debentures, notes, commercial paper and other similar corporate debt instruments. Companies use these instruments to borrow money from investors. The issuer pays the investor a fixed or variable rate of interest and must repay the amount borrowed at maturity. Commercial paper (short-term unsecured promissory

notes) is issued by companies to finance their current obligations and normally has a maturity of less than nine months. In addition, the firm may also invest in corporate debt securities registered and sold in the United States by foreign issuers (Yankee bonds) and those sold outside the U.S. by foreign or U.S. issuers (Eurobonds).

### **Variable Annuities**

Variable Annuities are long-term financial products designed for retirement purposes. In essence, annuities are contractual agreements in which payment(s) are made to an insurance company, which agrees to pay out an income or a lump sum amount at a later date. There are contract limitations and fees and charges associated with annuities, administrative fees, and charges for optional benefits. They also may carry early withdrawal penalties and surrender charges, and carry additional risks such as the insurance carrier's ability to pay claims. Moreover, variable annuities carry investment risk similar to mutual funds. Investors should carefully review the terms of the variable annuity contract before investing.

## **B. Investment Strategy and Method of Analysis Material Risks**

Our investment strategy is custom-tailored to the client's goals, investment objectives, risk tolerance, and personal and financial circumstances.

### **Risk of loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results. Securities markets go up and down. We cannot offer any guarantees or promises that your financial goals will be met. Past performance is in no way an indication of future performance.

### **Tax considerations**

Our strategies and investments may have unique and significant tax implications. Tax efficiency is not our primary consideration though we may use it as one of many factors. In an effort to address this factor, it may lead us to select or not select certain investments which may affect your portfolio performance. We recommend you continuously consult a tax professional on tax matters. Upon your written request may discuss matters with them in addition to you.

Moreover, as a result of revised regulations, custodial and broker dealers will begin reporting the cost basis of securities acquired in accounts after January 1, 2011. Your custodian will default to FIFO accounting. You should discuss this with your tax advisor since it cannot be changed after trades settle. Any changes to the default accounting require written notice and confirmation from the custodian.

### **Margin Leverage**

Although our firm, as a general business practice, does not utilize leverage, there may be instances in which the use of leverage may be appropriate for certain clients and situations or requested by the clients for personal use. We generally do not recommend this practice. In this regard please review the following:

The use of margin leverage enhances the overall risk of investment gain and loss to the client's investment portfolio. For example, investors are able to control \$2 of a security for \$1. So if the price of a security rises by \$1, the investor earns a 100% return on their investment. Conversely, if the security declines by \$.50, then the investor loses 50% of their investment.

The use of margin leverage entails borrowing, which results in additional interest costs to the investor.

Broker-dealers who carry customer accounts require a minimum equity requirement when clients utilize margin leverage. The minimum equity requirement is stated as a percentage of the value of the underlying collateral security with an absolute minimum dollar requirement. For example, if the price of a security declines in value to the point where the excess equity used to satisfy the minimum requirement dissipates, the broker-dealer will require the client to deposit additional collateral to the account in the form of cash or marketable securities. A deposit of securities to the account will require a larger deposit, as the security being deposited is included in the computation of the minimum equity requirement. In addition, when leverage is utilized and the client needs to withdraw cash, the client must sell a disproportionate amount of collateral securities to release enough cash to satisfy the withdrawal amount based upon similar reasoning as cited above.

Regulations concerning the use of margin leverage are established by the Federal Reserve Board and vary if the client's account is held at a broker-dealer versus a bank custodian. Broker-dealers and bank custodians may apply more stringent rules as they deem necessary.

### **Short-Term Trading**

Although our firm, as a general business practice, does not utilize short-term trading, there may be instances in which short-term trading may be necessary or an appropriate strategy. In this regard, please read the following:

There is an inherent risk for clients who trade frequently in that high-frequency trading creates substantial transaction costs that in the aggregate could negatively impact account performance.

### **Short Selling**

We generally do not engage in short selling but reserve the right to do so in the exercise of our sole judgment. Short selling involves the sale of a security that is borrowed rather than owned. When a short sale is effected, the investor is expecting the price of the security to decline in value so that a purchase or closeout of the short sale can be effected at a significantly lower price. The primary risks of effecting short sales is the availability to borrow the stock, the unlimited potential for loss, and the requirement to fund any difference between the short credit balance and the market value of the security.

### **Option Strategies**

Various option strategies give the holder the right to acquire or sell underlying securities at the contract strike price up until expiration of the option. Each contract is worth 100 shares of the

underlying security. Options entail greater risk but allow an investor to have market exposure to a particular security or group of securities without the capital commitment required to purchase the underlying security or groups of securities. In addition, options allow investors to hedge security positions held in the portfolio. For detailed information on the use of options and option strategies, please contact the Options Clearing Corporation for the current Options Risk Disclosure Statement.

Our firm as part of its investment strategy may employ the following option strategies:

- Covered call writing
- Long call options purchases
- Long put options purchases

#### **Covered Call Writing**

Covered call writing is the sale of in-, at-, or out-of-the-money call option against a long security position held in the client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility.

#### **Long Call Option Purchases**

Long call option purchases allow the option holder to be exposed to the general market characteristics of a security without the outlay of capital necessary to own the security. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

#### **Long Put Option Purchases**

Long put option purchases allow the option holder to sell or “put” the underlying security at the contract strike price at a future date. If the price of the underlying security declines in value, the value of the long put option increases. In this way long puts are often used to hedge a long stock position. Options are wasting assets and expire (usually within nine months of issuance), and as a result can expose the investor to significant loss.

### **C. Concentration Risks**

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There is nothing to report on this item.

### **B. Administrative Enforcement Proceedings**

There is nothing to report on this item.

### **C. Self-Regulatory Organization Enforcement Proceedings**

There is nothing to report on this item.

## **Item 10: Other Financial Industry Activities and Affiliations**

### **A. Broker-Dealer or Representative Registration**

Neither our firm nor affiliates are registered broker-dealers and do not have an application to register pending. Members and registered advisory personnel of our firm are registered representatives of Cetera Advisor Networks LLC, a FINRA-registered broker-dealer and member of SIPC. Cetera Advisor Networks is a financial services company engaged in the sale of investment products. Please see Item 10.C below for more information and conflicts of interest.

### **B. Futures or Commodity Registration**

Neither our firm nor affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

### **C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

#### **Cetera Advisor Networks LLC**

As disclosed above, members and registered advisory personnel of our firm are associated persons of Cetera Advisor Networks, a FINRA-registered broker-dealer. As a result, such professionals, in their capacity as registered representatives of Cetera Advisor Networks, are subject to the general oversight of Cetera Advisor Networks and the Financial Industry Regulatory Authority Inc. ("FINRA"). As such, our clients should understand that their personal and account information is available to FINRA and Cetera Advisor Networks for the fulfillment of their regulatory oversight obligations and duties.

Professionals who effect transactions for advisory clients receive transaction or commission compensation from Cetera Advisor Networks. The recommendation of securities transactions for commission creates a conflict of interest in that we are economically incented to effect securities transactions for clients. Although we strive to put our clients' interests first, such recommendations may be viewed as being in the best interests of our firm rather than in the client's best interest. Advisory clients are not compelled to effect securities transactions through Cetera Advisor Networks.

#### **Cetera Investment Advisers LLC**

Members and registered advisory personnel of our firm are associates of Cetera Investment Advisers LLC, an unaffiliated advisory firm, and conduct business through both Hinds Financial Group and Cetera Investment Advisers. In this capacity, they may recommend wrap fee or managed accounts offered through Cetera Investment Advisers and use the services of unaffiliated investment advisers in offering specific investment management services. Please be advised this practice constitutes a conflict of interest in that advisors have an incentive to

recommend the use of Cetera Investment Advisers over Hinds Financial Group and vice versa because it is in their economic interest to do so. Clients should consult with their advisor to determine which platform is in their best interest from a cost, investment management, and operational perspective. Disclosure of services, fees, reporting, and other important matters are found in the disclosure forms of these unaffiliated investment advisers. Clients interested in these services will be provided with these documents prior to establishing a wrap fee or managed account.

### **Insurance Sales**

Our firm is a licensed independent insurance agency. Members and registered advisory personnel of our firm are licensed insurance agents and may recommend insurance products and receive a commission for doing so. Please be advised there is a conflict of interest in that there is an economic incentive to recommend insurance and other products through us. Please also be advised that we strive to put our clients' interests first and foremost. Other than for insurance products that require a securities license, such as variable insurance products, clients may utilize any insurance carrier or insurance agency they desire. For products requiring a securities and insurance license, clients may be limited to those insurance carriers that have a selling agreement with our firm's employing broker-dealer.

### **Variable Annuities**

We may recommend that you purchase variable annuities to be included in your investment portfolio(s). Persons providing investment advice on behalf of our firm may earn commissions on the sale of the variable annuities in his or her capacity as a Cetera broker-dealer registered representative. If these persons earn commission on the sale of variable annuities recommended to you, we will not include the annuity accounts in the total value used for our advisory billing/fee computation for at least 12 months following the transaction date on which the commission was earned. Annuities will be purchased for your account only after you receive a prospectus disclosing the terms of the annuity. You are under no obligation, contractually or otherwise, to purchase variable annuities through any person affiliated with our firm.

### **Envestnet Asset Management**

We have a strategic relationship with Envestnet Asset Management ("Envestnet") whereby Envestnet will function as a platform sponsor offering managed model recommendations and separate account management, as well as performance reporting, billing, and other administrative services. Through this platform, Envestnet makes available portfolio strategists that compile model portfolio recommendations as well as offer separate account managers in its Separately Managed Account and Unified Managed Account Program.

## **D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

With respect to investment management services, our firm engages third-party money managers to manage client accounts. Such manager's fee is generally in addition to our fee. For

third-party managers utilized through the Envestnet Wrap Fee Program, we receive a portion of the total wrap fee for our services.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **A. Code of Ethics Description**

In accordance with the Advisers Act, we have adopted policies and procedures designed to detect and prevent insider trading. In addition, we have adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of our advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by our firm's chief compliance officer. We will send clients a copy of our Code of Ethics upon written request.

We have policies and procedures in place to ensure that the interests of our clients are given preference over those of our firm, affiliates, and employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

### **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

We do not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, we do not recommend any securities to advisory clients in which it has some proprietary or ownership interest.

### **C. Advisory Firm Purchase or Sale of Same Securities Recommended to Clients and Conflicts of Interest**

Our firm, affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase or sell the same securities as are purchased or sold for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which we specifically prohibit. We have adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest
- prohibit fraudulent conduct in connection with the trading of securities in a client account
- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions

- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions
- allocate investment opportunities in a fair and equitable manner
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow the firm's procedures when purchasing or selling the same securities purchased or sold for the client.

#### **D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

Our firm, affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other of the firm's clients. We will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in affiliate, corporate, employee or employee-related accounts. It is our policy to place the clients' interests above those of the firm and its employees.

## Item 12: Brokerage Practices

### A. Factors Used to Select Broker-Dealers for Client Transactions

#### **Custodian Recommendations**

We recommend the brokerage services of Cetera Advisor Networks LLC, which clears through Pershing LLC. Persons providing investment advice on behalf of our firm who are registered representatives of Cetera are subject to applicable rules that restrict them from conducting securities transactions away from Cetera unless Cetera provides the representative with written authorization to do so. Because Cetera is required to supervise the securities trading activities of its representatives, these individuals are generally limited to conducting securities transactions through Cetera. If transactions are executed through Cetera, these individuals (in their separate capacities as registered representatives of Cetera) may earn commission-based compensation as result of placing the recommended securities transactions through Cetera. This practice presents a conflict of interest because these registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as we recommend. However, if you do not use Cetera, we may not be able to accept your account. Please see Item 10: Other Financial Industry Activities and Affiliations in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

Unlike other investment advisers that may place transactions with several different broker-dealers depending upon the circumstances of each transaction, our firm places all of its securities transactions with Cetera and then we periodically evaluate our relationship with Cetera to see if Cetera is competitive with other services available. It may be the case that Cetera charges higher transactions costs and/or custodial fees than another broker charges for the same types of services, and that you may pay a higher commission than you would if we had had arrangements with several broker-dealers and could compare costs on each transaction.

#### **Soft Dollar Arrangements**

We do not utilize soft dollar arrangements. We do not direct brokerage transactions to executing brokers for research and brokerage services.

#### **Brokerage for Client Referrals**

We do not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

## **B. Aggregating Securities Transactions for Client Accounts**

### **Best Execution**

Our firm, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, and the amount of such securities. We recognize that the analysis of execution quality involves a number of factors, both qualitative and quantitative. We will follow a process in an attempt to ensure that we are seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with our fiduciary responsibilities, we will seek to ensure that clients receive best execution with respect to clients' transactions.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, we believe that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

### **Security Allocation**

Since we may be managing accounts with similar investment objectives, we may aggregate orders for securities for such accounts. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, is made by our firm in the manner it considers to be the most equitable and consistent with its fiduciary obligations to such accounts.

Our allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into account the clients' best interests. We will follow procedures to ensure

that allocations do not involve a practice of favoring or discriminating against any client or group of clients. Account performance is never a factor in trade allocations.

Our advice to certain clients and entities and the action of our firm for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her applicable investment objective, guidelines and circumstances. Thus, any action of our firm with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice, or actions of our firm to or on behalf of other clients.

### **Allocation of Trades**

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

Our firm acts in accordance with its duty to seek best price and execution and will not continue any arrangements if we determine that such arrangements are no longer in the best interest of our clients.

### **Trade Errors**

From time-to-time we may make an error in submitting a trade order on the client's behalf. When this occurs, we may place a correcting trade with the broker-dealer. If an investment gain results from the correcting trade, the gain will remain in client's account unless the same error involved other client account(s) that should have received the gain, it is not permissible for client to retain the gain, or we confer with client and client decides to forego the gain (e.g., due to tax reasons).

## Item 13: Review of Accounts

### A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved

Our firm reviews the accounts of all our clients who enter into an advisory agreement with us or who sign a retainer agreement authorizing us to complete regular reviews of their financial plans. Your account is reviewed by the investment adviser representative who created your original plan or another member of the advisory team.\*

See Item 5: Fees and Compensation in this disclosure brochure for more information on retainer services and fees. Reviews are based on a schedule agreed to between you and your investment adviser representative and may include monthly, quarterly, semi-annual, or annual updates, depending on your needs. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,
- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

*\*We do not review accounts of those clients who contract us for a one-time-only financial plan, as noted in the advisory agreement they sign.*

### B. Review of Client Accounts on Non-Periodic Basis

We may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how we formulate investment advice.

### C. Content of Client-Provided Reports and Frequency

The content of account reviews varies according to your needs. If you request a regular review of your accounts, you will receive at least an annual updated version of your investment summary and portfolio diversification analysis. Your investment adviser representative will review your objectives and planning recommendations to ensure the relevancy of the recommendations and assist in implementation. We provide quarterly reports, in conjunction with Envestnet PMC, that analyze performance, portfolio risk levels, and provide detailed information about your account. In addition, you may receive other reports relevant to your particular situation, such as education funding or estate planning.

The client's independent custodian provides account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by our firm.

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

### **A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

Please refer to the disclosures in Items 10 and 12 regarding referrals to third-party service providers and benefits the firm receives from its custodian(s). We may receive economic benefits for referring clients to third-party service providers. You are under no obligation to utilize any service provider recommended to you by our firm or affiliates.

### **B. Advisory Firm Payments for Client Referrals**

The firm may enter into arrangements with endorsers, promoters, solicitors, or with clients for testimonials (herein collectively referred to as "endorser") who will endorse the advisory firm for compensation. Agreements are required when compensation to the endorser is equal to or greater than \$1,000. The receipt of such compensation creates a conflict of interest in that the endorser is economically incented to endorse our firm. Please be advised that the firm's payment of compensation to the endorser does not increase the client's advisory fee paid to the firm.

## Item 15: Custody

Our firm is considered to have custody of client assets for purposes of the Advisers Act for the following reasons:

- The client authorizes us to instruct their custodian to deduct our advisory fees directly from the client's account. The custodian maintains actual custody of clients' assets.
- Our authority to direct client requests, utilizing standing instructions, for wire transfer of funds for first-party money movement and third-party money movement (checks and/or journals, ACH, Fed-wires). The firm has elected to meet the SEC's seven conditions to avoid the surprise custody exam, as outlined below:
  1. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
  2. The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
  3. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
  4. The client has the ability to terminate or change the instruction to the client's qualified custodian.
  5. The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
  6. The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
  7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Individual advisory clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances, and portfolio holdings in their accounts. Clients are urged to compare the account balance(s) shown on their account statements to the quarter-end balance(s) on their custodian's monthly statement. The custodian's statement is the official record of the account.

## **Item 16: Investment Discretion**

Clients may grant a limited power of attorney to our firm or a third-party advisor with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, we will exercise full discretion as to the nature and type of securities to be purchased and sold, and the amount of securities for such transactions. Investment limitations may be designated by the client as outlined in the investment advisory agreement. In addition, subject to the terms of its investment advisory agreement, our firm may be granted discretionary authority for the retention of independent third-party investment management firms. Investment limitations may be designated by the client as outlined in the investment advisory agreement. Please see the applicable third-party manager's disclosure brochure for detailed information relating to discretionary authority.

## Item 17: Voting Client Securities

Our firm does not take discretion with respect to voting proxies on behalf of its clients. We will upon request make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of the firm's supervised and/or managed assets. In no event will we take discretion with respect to voting proxies on behalf of clients.

Except as required by applicable law, we will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. We have no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. We also have no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, we have no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where we receive written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, we will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

## **Item 18: Financial Information**

### **A. Balance Sheet**

We do not require the prepayment of fees of \$1200 or more, six months or more in advance, and as such are not required to file a balance sheet.

### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

We do not have any financial issues that would impair our ability to provide services to clients.

### **C. Bankruptcy Petitions During the Past Ten Years**

There is nothing to report on this item.