

**Brochure**

**Form ADV Part 2A**

**Item 1 - Cover Page**

**Holcombe Financial, Inc.**

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**March 17, 2024**

This Brochure provides information about the qualifications and business practices of Holcombe Financial, Inc. If you have any questions about the contents of this Brochure, please contact us at (800) 298-9904 or [hello@holcombefinancial.com](mailto:hello@holcombefinancial.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority.

Holcombe Financial, Inc. is an investment advisory firm registered with the appropriate regulatory authority. Registration does not imply a certain level of skill or training. Additional information about Holcombe Financial, Inc. is also available on the SEC's website at **[www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov)**.

**Item 2 - Material Changes**

Registered Investment Advisers are required to use the Brochure to inform clients of the nature of advisory services provided, types of clients served, fees charged, potential conflicts of interest and other information. The Brochure requirements include providing a Summary of Material Changes (the "Summary") reflecting any material changes to our policies, practices, or conflicts of interest made since our last required "annual update" filing. In the event of any material changes, such Summary is provided to all clients within 120 days of our fiscal year-end. Our last annual update was filed on March 31, 2023. Of course, the complete Brochure is available to clients at any time upon request.

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## ***Item 4 - Advisory Business***

### General Information

Holcombe Financial, Inc. ("HFI," "we" or "us") was formed in 2007 and provides financial planning, portfolio management, and general consulting services to our clients. We also provide advisory and management services to private investment vehicles.

Russell E. ("Rusty") Holcombe is the sole principal owner of HFI. Please see ***Brochure Supplements, Exhibit A***, for more information on Mr. Holcombe and other individuals who formulate investment advice and have direct contact with clients, or have discretionary authority over client accounts.

As of December 31, 2023, we managed \$329,894,461 on a discretionary basis, and \$17,158,169 assets on a non-discretionary basis. We do not participate in or offer any wrap programs.

### **SERVICES PROVIDED**

The beginning of each client relationship begins with a detailed discussion with you to assess what you want to accomplish and address what is bothering you. Our process is designed to uncover the purpose of your wealth and how you wish it would make an impact in your life. In this discovery phase, we spend time with you, asking questions, discussing your investment experience and financial circumstances, and reviewing your options. Risks of investing are also discussed. Based on our reviews, we generally develop with you:

- a financial outline for you based on your financial circumstances and goals, (the "Financial Profile" or "Profile"); and
- your investment objectives and guidelines (the "Investment Plan" or "Plan").

The Financial Profile reflects your current financial picture and a look to your future goals. The Investment Plan outlines the types of investments HFI will make on your behalf to meet those goals. The Profile and the Plan are discussed regularly with you, but are not necessarily written documents.

In cases where we provide general consulting services, we will work with you to prepare an appropriate summary of the specific project(s) to the extent necessary or advisable under the circumstances.

### Financial Planning

We believe that our financial planning services are paramount to your success. We rarely provide Portfolio Management services to those not willing to engage in our financial planning process. We think a good financial plan has four components:

1. It understands what independence means in both financial and emotional terms for the client.
2. It understands the importance of cash flow to the survival of the client.
3. It understands the importance of risk mitigation in life. Not all risks are possible to protect against, but a good financial planning process tries to uncover and either eliminate or insulate them if possible.
4. It creates actionable tasks for the client to improve their probability of independence.

### Portfolio Management

As described above, at the beginning of a client relationship, we meet with you, gather information, and perform research and analysis as necessary to develop your Investment Plan. The Investment Plan will be updated from time to time upon your request, or when determined to be necessary or advisable by us based on updates to your financial or other circumstances. We will monitor your portfolio's performance on a

continuous basis, and rebalance the portfolio whenever we think necessary, as changes occur in market conditions, your financial situation, or both.

To implement your Investment Plan, we will manage your investment portfolio on a discretionary basis. As a discretionary investment adviser, we will have the authority to supervise and make investments in your portfolio without prior consultation with you. Notwithstanding our discretionary authority, we will not engage in transactions in private funds without your prior authorization.

Notwithstanding the foregoing, you may impose certain written restrictions on us in the management of your investment portfolio, such as prohibiting the inclusion of certain types of investments in your investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of our relationship. You should note, however, that if you impose restrictions it may adversely affect the composition and performance of your investment portfolio. You should also note that your investment portfolio is treated individually by considering each purchase or sale for your account. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ, and you should not expect that the composition or performance of your investment portfolio would necessarily be consistent with similar clients of the firm.

#### *Portfolio Management for Held-Away Accounts*

Clients can choose to have us provide discretionary management for certain assets that are not held at a qualified custodian with which we have an advisory relationship (i.e., “held-away accounts”). We are able to provide investment management services for held-away accounts through a third-party order management system, Pontera Solutions, Inc. (“Pontera”). Held-away accounts typically include 401(k) accounts, 403(b)s, HSA accounts, 529 plans, and other similar accounts. We can view held-away accounts through the Pontera website, and enter trading instructions through their trading tool. Participating clients are provided access to the Pontera website and from there, directly link their held-away account to Pontera using their personal login credentials. The client’s login credentials are never made available to, held or stored by us. Clients should understand that our investment of the assets held within such accounts is limited to the various investment options made available by the account sponsor, issuer, or custodian. The goal is to allocate the portfolio assets in such a way as to improve account performance over time, minimize loss during difficult markets, and manage internal fees that harm account performance. We regularly review the available investment options in these accounts, monitor them, and rebalance the assets when deemed necessary in light of the client’s investment goals and risk tolerance, and consideration of current economic and market trends.

Pontera charges us a percentage fee based on the amount of the client assets we manage through their platform. Clients do not pay any additional fee to Pontera or to us in connection with platform participation. We are not affiliated with Pontera and receive no compensation from Pontera for using their platform.

#### Separate Account Managers

When appropriate and in accordance with the Investment Plan for a client, we may recommend the use of one or more Separate Account Managers, each a “Manager.” Having access to various Managers offers a wide variety of manager styles, and offers clients the opportunity to utilize more than one Manager if necessary to meet the needs and investment objectives of the client. We will select or recommend the Manager(s) we deem most appropriate for the client. Factors that we consider in recommending/selecting Managers generally include the client’s stated investment objective(s), management style, performance, risk level, reputation, financial strength, reporting, pricing, and research.

The Manager(s) will generally be granted discretionary trading authority to provide investment supervisory services for the portfolio. Under certain circumstances, we retain the authority to terminate the Manager’s relationship or to add new Managers without specific client consent. In other cases, the client

will ultimately select one or more Managers recommended by us. Fees paid to such Manager(s) are separate from and in addition to the fee assessed by HFI.

In any case, with respect to assets managed by a Manager, our role will be to monitor the overall financial situation of the client, to monitor the investment approach and performance of the Manager(s), and to assist the client in understanding the investments of the portfolio.

Additionally, certain Managers may impose more restrictive account requirements than HFI and billing practices may vary. In such instances, we may be required to alter our corresponding account requirements and/or billing practices to accommodate those of the Manager(s).

#### General Consulting

In addition to the foregoing services, we may provide general consulting services. These services are generally provided on a project basis, and usually include, without limitation, cash flow planning for certain events such as the sale of a business, education expenses or retirement, estate planning analysis, income tax planning analysis and review of your insurance portfolio, as well as other matters specific to you that we agree upon. The scope and fees for consulting services will be negotiated with you at the time of engagement for the applicable project.

#### Affiliated Private Funds

We serve as the General Partner/Managing Member and investment manager of the HF Retail Income Fund, LLC, HF Office Income Fund, LLC and HF FMC Income Fund II, LLC (collectively, the “Affiliated Funds”). The Affiliated Funds are pooled investment vehicles that are not registered under the Investment Company Act of 1940, as amended, in reliance on the exemptions provided in Sections 3(c)(1) or 3(c)(7) thereunder, as applicable. Additionally, the Affiliated Funds are not registered with the Securities and Exchange Commission and investors must be “accredited investors,” within the meaning under Regulation D of the Securities Act of 1933; and in some instances, must also be “qualified clients” within the meaning of Rule 205-3 of the Investment Advisers Act of 1940.

From time to time, as appropriate and in accordance with the established Investment Plan and risk tolerance of certain of our clients, we recommend investments in one or more of the Affiliated Funds. Clients investing in the Affiliated Funds are assessed a fee that is a percentage of assets under management in the applicable fund. In addition, depending on the specific fund, we also receive a performance allocation from investors’ accounts, equal to a percentage of the net profits for the investor as described in the fund’s offering documents. A performance-based fee can create an incentive to make riskier, more speculative investments than would be the case under a solely asset-based fee arrangement. Please see **Item 6 - Performance-Based Fees and Side-By-Side Management** below for more information.

Our investors are provided with private placement memorandums and other offering and subscription documentation that detail the nature, risks and associated fees of each pooled investment vehicle. It is important that you read these documents before investing to fully understand the types of investments, risks and conflicts pertaining to the private funds. Please see **Item 10, Other Financial Industry Activities and Affiliations** for more information about the Affiliated Funds.

#### Retirement Plan Advisory Services

Establishing a sound fiduciary governance process is vital to good decision-making and to ensuring that prudent procedural steps are followed in making investment decisions. We will provide Retirement Plan consulting services to Plans and Plan Fiduciaries as described below. The particular services provided will be detailed in the consulting and/or management agreement. The appropriate Plan Fiduciary(ies) designated in the Plan documents (e.g., the Plan sponsor or named fiduciary) will (i) make the decision to retain our firm; (ii) agree to the scope of the services that we will provide; and (iii) make the ultimate

decision as to accepting any of the recommendations that we may provide. The Plan Fiduciaries are free to seek independent advice about the appropriateness of any recommended services for the Plan. Retirement Plan consulting services may be offered individually or as part of a comprehensive suite of services.

The Employee Retirement Income Security Act of 1974 ("ERISA") sets forth rules under which Plan Fiduciaries may retain investment advisers for various types of services with respect to Plan assets. For certain services, HFI will be considered a fiduciary under ERISA. For example, we will act as an ERISA § 3(21) fiduciary when providing non-discretionary investment advice to the Plan Fiduciaries by recommending a suite of investments as choices among which Plan Participants may select. Also, to the extent that the Plan Fiduciaries retain us to act as an investment manager within the meaning of ERISA § 3(38), we will provide discretionary investment management services to the Plan.

#### Fiduciary Consulting Services

- *Investment Selection Services*

We will provide Plan Fiduciaries with recommendations of investment options consistent with ERISA section 404(c). Plan Fiduciaries retain responsibility for the final determination of investment options and for compliance with ERISA section 404(c).

- *Non-Discretionary Investment Advice*

We will provide Plan Fiduciaries and Plan Participants general, non-discretionary investment advice regarding asset classes and investments.

- *Investment Monitoring*

We will assist in monitoring the plan's investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformation to the guidelines set forth in the investment policy statement and we will make recommendations to maintain or remove and replace investment options. The details of this aspect of service will be enumerated in the engagement agreement between the parties.

#### Fiduciary Management Services

- *Discretionary Management Services*

When retained as an investment manager within the meaning of ERISA § 3(38), we provide continuous and ongoing supervision over the designated retirement plan assets. HFI will actively monitor the designated retirement plan assets and provide ongoing management of the assets. When applicable, we will have discretionary authority to make all decisions to buy, sell or hold securities, cash or other investments for the designated retirement plan assets in our sole discretion without first consulting with the Plan Fiduciaries. We also have the power and authority to carry out these decisions by giving instructions, on your behalf, to brokers and dealers and the qualified custodian(s) of the Plan for our management of the designated retirement plan assets.

- *Discretionary Investment Selection Services*

We will monitor the investment options of the Plan and add or remove investment options for the Plan without prior consultation with the Plan Fiduciaries. We will have discretionary authority to make and implement all decisions regarding the investment options that are available to Plan Participants.

- *Investment Management via Model Portfolios.*

We will provide discretionary management of Model Portfolios among which the participants may choose to invest as Plan options. Plan Participants will also have the option of investing only in

options that do not include Model Portfolios (i.e., the Plan Participants may elect to invest in one or more of the mutual fund options made available in the Plan, and choose not to invest in the Model Portfolios at all).

### *Non-Fiduciary Services*

- *Participant Enrollment*

We will assist with group enrollment meetings designed to increase retirement Plan participation among employees and investment and financial understanding by the employees.

### Retirement Account Transfers and Plan Rollovers

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. If we recommend that a client transfer their IRA or roll over retirement plan assets into an account to be managed by us, such a recommendation creates a conflict of interest if we will earn a new (or increase our current) advisory fee because of the transfer/rollover. We have a fiduciary duty and must act in your best interest when making a recommendation regarding whether to transfer your IRA assets, maintain investments in a retirement plan, take a distribution from a retirement plan or roll over investments from a retirement plan to a Rollover IRA. Clients are under no obligation to transfer an IRA or rollover plan assets to an IRA managed by us or to engage us to monitor and/or manage the account while maintained at a client's employer.

### ***Item 5 - Fees and Compensation***

#### General Fee Information

Fees paid to us are exclusive of all custodial and transaction costs paid to the client's custodian, brokers or other third-party consultants. Please see ***Item 12 - Brokerage Practices*** for additional information. Fees paid to HFI are also separate and distinct from the fees and expenses charged by mutual funds, ETFs (exchange traded funds) or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). You should review all fees charged by funds, brokers, us and others to fully understand the total amount of fees you pay for investment and financial-related services. Comparable fees may be available from other sources for fees lower than those charged by HFI.

We, in our sole discretion, may make exceptions to any stated fee schedules or minimums and negotiate special fee arrangements where we deem it appropriate under the circumstances.

#### Financial Planning Fees

We typically charge a \$2,500 financial planning fee at the beginning of the client relationship. It allows you to see how we think before obligating you to an Investment Advisory Agreement ("Agreement"). In the event you engage us in an investment management capacity within 180 days of the date of the engagement, you will receive a \$2,500 credit to be applied against the first portfolio management fee billing. Thereafter, financial planning fees are typically included as part of your portfolio management fees. However, we reserve the right to charge such a financial planning fee in the future, on a case-by-case basis, based on the complexity of each client's individual circumstances. In those potential instances, all financial planning fees are negotiable and are due upon presentation of the Financial Plan. Under certain circumstances, we may request that you pre-approve travel and other reimbursable expenses incurred in connection with the preparation of the Financial Plan. You may terminate the financial planning agreement within five (5) business days of the date of engagement and receive a full refund of any monies paid.

### Portfolio Management Fees

The annual fee schedule, based on a percentage of assets under management, is as follows:

First \$500,000	1.25%
Next \$4,500,000	0.90%
Next \$5,000,000	0.75%
Assets over \$10 million	0.50%

Accordingly, as an example, if an account is valued at \$2,500,000 the first \$500,000 would be charged 1.25% annually, while the balance of \$2,000,000 would be assessed the lower fee of 0.90% per year.

Clients will be billed in advance at the beginning of each calendar quarter based upon the market value of the average daily balance of the assets in the client's account as of the last day of the previous quarter. For clients with multiple accounts, we, at our sole discretion, may combine the amount of assets in more than one account in determining the fee to be charged to that client for services on the client's total amount of assets. If management begins after the start of a quarter, fees will be prorated accordingly. With your authorization and unless other arrangements are made, fees are normally debited directly from client account(s).

The minimum portfolio value is generally set at \$2,000,000. The minimum quarterly management fee for any portfolio is \$375.

The Agreement may be terminated at any time by you or us, subject to any written notice requirements in the Agreement. In the event of termination, any paid but unearned fees will be promptly refunded to you based on the number of days that the account was managed, and any fees due to us will be invoiced or deducted from your account prior to termination.

Fees for held away accounts (e.g., 401(k), 403(b), 529 plans) using Pontera's platform will typically be deducted from a client's taxable/non-retirement account or will be directly invoiced to the client for payment.

We may make exceptions to the foregoing fee arrangements or may negotiate special fee arrangements where we deem it appropriate under the circumstances. We may charge a different management fee based upon certain criteria (e.g., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, type of services required, account composition, negotiations with client, etc.). Therefore, some clients may pay more or less than other clients for the same management services. Further, some clients' fee schedules are based on prior contractual arrangements and/or historical fee schedules that differ from our current fee arrangements. Your specific fee arrangement is set forth in your Agreement with us.

### Separate Account Manager Fees

In instances where the services of one or more Managers are utilized, the Manager's fee will be charged in addition to HFI's fee and will be disclosed to the client by the Manager or HFI at or before the time of the Manager's engagement.

### General Consulting Fees

When HFI provides general consulting services to clients, these services are generally separate from HFI's financial planning and portfolio management services. Fees for general consulting are negotiated at the time of the engagement for such services, and are normally based on an hourly or fixed fee basis.



### Retirement Plan Advisory Services Fees

The advisory fee will be charged as a percentage of assets under management/advisement within the Plan. Fees are individually negotiated at the time of the engagement and are based on factors that include, but are not limited to, the complexity and size of the Plan, anticipated future additional assets, and the specific services to be provided. Plan Sponsors can decide whether the fees will be paid directly by the Plan Sponsor or deducted from Plan assets. The specific fee arrangement, manner, and timing of fee payments will be set forth in the Plan's written agreement with us. Our fees are separate from and additional to any third-party administrative, custodial, recordkeeping, or transaction fees incurred by the Plan and any Plan Participant accounts. We do not share in any part of these fees.

### Affiliated Fund Fees

As described in **Item 4 – Advisory Business**, we may recommend that you invest in one or more of the Affiliated Funds, as appropriate based upon your risk tolerance, sophistication, and financial qualifications. We have provided a summary below of our management and incentive fees applicable to the Affiliated Funds. However, for complete information, investors should rely on the applicable fund's private offering memorandum, limited liability agreement, operating agreement, subscription document, and/or other offering materials for detailed disclosures of the fees, expenses, and conflicts of interest associated with the Affiliated Funds. In case of a conflict between the summary below and the information provided in the respective fund's offering materials, the disclosures contained in the offering materials supersede the information below.

- *HF Retail Income Fund, LLC*

We receive a management fee from the fund equal to 1.5% per annum of Members' capital contributions until all capital is called. The management fee is paid quarterly, in arrears. We also receive (i) 10% of all of the fund's operating profits and (ii) 10% of all capital transaction distributions after investors in the fund have been returned 100% of their contributed capital; provided, however, that to the extent either operating or capital distributions start before all capital has been called, such distributions will offset the management fee otherwise payable with respect to current or future periods on a dollar-for-dollar basis. Once all capital has been called, the management fee will cease. Please note: You will also pay the fees of the underlying private investment funds within the HF Retail Income Fund and HF Office Income Fund portfolios.

- *HF FMC Income Fund II, LLC*

We receive a management fee from the Fund equal to 1.50% per annum of the Members' capital contributions. The management fee is paid quarterly, in arrears. We will also receive (i) 10% of all Fund operating profits and (ii) 10% of all capital transaction distributions after investors in the Fund have been returned 100% of their contributed capital.

- *HF Office Income Fund, LLC*

We receive an annual management fee equal to 1.5% annually of the Members' unreturned capital contributions. The management fee is paid quarterly, in arrears. We also receive 10% of all capital transaction distributions after investors in the fund have been returned 100% of their contributed capital. Once all capital has been called, the management fee will cease. Please note: You will also pay the fees of the underlying private investment funds within the HF Office Income Fund portfolio.

We have an incentive to recommend that you invest in the Affiliated Funds where we earn a management and/or performance fee, as such investments could increase the amount of income that we derive from your assets. To help mitigate this conflict of interest and avoid double charging, you will not pay an advisory fee to us on those assets invested in the Affiliated Funds and will only be assessed the applicable fund's fees on those assets.

### Fees Applicable to Investments in Unaffiliated Private Funds

When you invest in an unaffiliated Private Fund, you may be assessed our agreed upon portfolio management fee as set forth in your Agreement with us. Alternatively, for certain unaffiliated Private Fund investments, we will execute a “Non-Standard Asset Agreement Fee Addendum” with you that will specify the applicable fees. In these arrangements, management fees can range up to 1.50% per/annum based on the value of the investment. In either case, our portfolio management fee will be separate and additional to the Private Fund’s management fees and expenses.

Additionally, some of the unaffiliated Private Funds that we recommend charge performance-based fees. A performance-based fee arrangement is one in which you are assessed a percentage of the net profits of your investment. In some instances, HFI will receive a portion of the performance-based fee that the Private Fund assesses to HFI client investors. Any performance fee sharing arrangements between HFI and the Private Fund will be detailed in your Non-Standard Asset Agreement Fee Addendum. The applicable fees and expenses of each Private Fund are outlined in its offering documents and should be reviewed by clients prior to investing in such funds.

We have an incentive to recommend that you invest in unaffiliated Private Funds when we earn an increased management fee and/or share in the performance fee, as such investments increase the amount of income that we derive from your assets. We have a fiduciary duty to exercise good faith and act solely in the best interest of clients and maintain policies and procedures, including a Code of Ethics which requires the interests of clients be placed ahead of other interests to address this conflict of interest.

The portfolio management fee is directly debited from one or more of your custodial accounts in accordance with your agreement with us. If you do not have a custodial account, you will be invoiced directly for the fees. Invoices are payable promptly upon receipt.

### Valuation – Private Funds/Alternative Investments

Private Funds and certain other alternative investments are not publicly traded and therefore do not have a daily indication of their fair market value. It is our policy to use the most recent value provided by the issuer for billing purposes. In some cases where no updated valuations are provided, we will use the investment cost as the valuation until an updated valuation is received. If there is any reason to believe the value may be lower, it may be necessary to estimate value based on information received until an actual valuation is received. Therefore, the advisory fee related to the Alternative Investment may be higher or lower than it would have been had an actual fair market been available and used.

The Affiliated Funds are valued by the respective fund administrator or in good faith by HFI.

### Other Compensation

Rusty Holcombe is a licensed real estate broker in Georgia and is eligible to receive commissions or other remuneration related to the sale of real estate, which can create an incentive to recommend real estate transactions. You are under no obligation to act on any such recommendations by Mr. Holcombe.

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

As noted above, we may recommend that you invest in the Affiliated Funds, which in some cases, have a performance fee component. A performance arrangement is one in which you are assessed a percentage of the net profits of your investment or investment portfolio. With certain Affiliated Funds and unaffiliated Private Funds (see ***Item 5*** above), we are paid performance-based fees on profits each year, and such performance-based fees are passed on in whole or in part to us or our related persons.

Performance-based fee arrangements are only available if you meet the eligibility requirements of Rule 205-3 under the Investment Advisers Act of 1940. The minimum requirements under the rule state that you are generally not eligible unless you have at least \$1,100,000 under management with us or have a net worth of at least \$2,200,000. Performance-based fees are calculated and assessed in arrears, and you should carefully review the fee calculations for accuracy.

Performance-based fee arrangements create certain conflicts of interest for us. For example, the nature of a performance fee poses an opportunity for HFI to earn more compensation than under a stand-alone asset-based fee. Consequently, we could favor performance-based accounts over those accounts where we receive only an asset-based fee. The nature of performance fees can also encourage us to take unnecessary risks with client assets in order to earn or increase the amount of the fee. The result of riskier investments can have a positive effect in that results could equal higher returns when compared to an asset-based fee account. On the other hand, riskier investments historically have a higher chance of losing value.

### ***Item 7 - Types of Clients***

We serve individuals, pension and profit-sharing plans, trusts, and estates. With some exceptions, the minimum portfolio value eligible for conventional investment advisory services is \$2,000,000, and the minimum quarterly fee charged is \$375.

We are the investment adviser to the Affiliated Funds, which are pooled investment vehicles that are not registered with the Securities and Exchange Commission. The minimum amounts to invest in the Affiliated Funds are disclosed in their respective offering documents.

We reserve the right in our sole discretion to waive account minimums.

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

#### **Methods of Analysis**

In accordance with the client's Investment Plan, we will primarily invest in mutual funds, ETFs, bonds, stocks and real estate. In addition, when appropriate, we may recommend that you invest in a private fund, including one or more of our Affiliated Funds. Your unique investment goals, investment horizon, risk tolerance and financial qualifications will determine the allocation among these security types.

Fixed income investments may be used as an instrument to fulfill liquidity or income needs in a portfolio, or to add a component of capital preservation. We will generally evaluate and select individual bonds or bond funds based on several factors including, without limitation, rating, yield and duration.

In selecting individual stocks for an account, we generally apply traditional fundamental analysis including, without limitation, the following factors:

- Financial strength ratios, and
- Dividend yields

Mutual funds and ETFs are generally evaluated and selected based on a variety of factors, including, without limitation, past performance, fee structure, portfolio manager, fund sponsor, overall ratings for safety and returns, and other factors.

We typically recommend that clients invest in no-load mutual funds advised by Dimensional Fund Advisors ("DFA"), Vanguard, Avantis or other fund managers that have low operating expenses, low portfolio

turnover, below average capital gains distributions and a demonstrated expertise and focus in each particular asset class.

DFA funds generally are available for investment only by clients of registered investment advisers, and all investments are subject to approval of the adviser. This means you may not be able to make additional investments in DFA funds if your agreement with us is terminated, except through another adviser authorized by DFA.

Real estate investments are evaluated based on risk level, income projections, opportunity for growth and capital appreciation in the investment, and other factors. Investments may be directly in real estate partnerships or may be made through pooled instruments such as REITs.

Private funds are generally evaluated based on the previous performance and reputation of the manager, underlying fund investments, fee structure, overall risk and returns, portfolio transparency, liquidity and other factors specific to the type of investments involved.

#### Investment Strategies

Our strategic approach is to invest each portfolio in accordance with the Plan that has been developed specifically for each client. Generally, we take a long-term approach to investing.

#### Risk of Loss

While we seek to diversify your investment portfolio across various asset classes consistent with your Investment Plan, in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that your investment portfolio will be able to fully meet your investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face and you should be prepared to bear.

*Management Risks.* While we manage client investment portfolios based on our experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that we allocate client assets to individual securities and/or asset classes that are adversely affected by unanticipated market movements, and the risk that our specific investment choices could underperform their relevant indexes.

*Risks of Investments in Mutual Funds, ETFs and Other Investment Pools.* As described above, we may invest client portfolios in mutual funds, ETFs and other investment pools ("pooled investment funds"). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

*Equity Market Risks.* We may invest portions of client assets directly into equity investments, individual stocks or pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due

to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

*Fixed Income Risks.* We may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

*Foreign Securities Risks.* We may invest portions of client assets into pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

*Risks Related to Private Funds.* From time to time and as appropriate, we may invest a portion of a client's portfolio in Private Funds. The value of client portfolios will be based in part on the value of Private Funds in which they are invested, the success of each of which will depend heavily upon the efforts of their respective Managers. When the investment objectives and strategies of a Manager are out of favor in the market or a Manager makes unsuccessful investment decisions, the Private Fund may lose money. A client account may lose a substantial percentage of its value if the investment objectives and strategies of many or most of the Private Funds in which it is invested are out of favor at the same time, or many or most of the Managers make unsuccessful investment decisions at the same time. Private Funds are generally subject to various risk factors and liquidity constraints, a complete discussion of which is set forth in each fund's offering documents, which will be provided to clients for review and consideration prior to investing. Investing in Private Funds is intended only for experienced and sophisticated investors who are willing to bear the high economic risks of the investment. Clients should carefully review and consider potential risks before investing in private funds. Certain of these risks may include loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices, lack of liquidity because of redemption terms and conditions and that there may not and will not be a secondary market for the fund, volatility of returns, restrictions on transferring interests in the fund, a potential lack of diversification, higher fees than mutual funds, lack of information regarding valuations and pricing.

*Margin Risk.* We use margin as an investment strategy in limited situations as appropriate in light of client circumstances. For accounts with a margin balance, you are assessed the management fee based on the gross value of the assets in your account. In other words, your account value on which the fee is calculated is not reduced by the margin balance. This could create a conflict of interest where we may have an incentive to encourage the use of margin as this could result in a higher market value and therefore an increased management fee. In addition, clients can elect to borrow funds against their investment portfolio for uses other than investing inside the managed account. When securities are purchased, they may be paid for in full or the client may borrow part of the purchase price from the account custodian. If a client borrows part of the purchase price, the client is engaging in margin transactions and there is risk involved with this. The securities held in a margin account are collateral for the custodian that loaned the client money. If those securities decline in value, then the value of the collateral supporting the client's loan also declines. As a result, the brokerage firm is required to take action to maintain the necessary level of equity in the client's account. The brokerage firm may issue a margin call and/or sell other assets in the client's account to

accomplish this. It is important that clients fully understand the risks involved in trading securities on margin, including but not limited to:

- It is possible to lose more funds than is deposited into a margin account;
- The account custodian can force the sale of assets in the account;
- The account custodian can sell assets in the account without contacting the client first;
- The account holder is not entitled to choose which assets in a margin account may be sold to meet a margin call;
- The account custodian can increase its “house” maintenance margin requirements at any time without advance written notice; and
- The accountholder is not entitled to an extension of time on a margin call.

*Options Risk.* A small investment in options could have a potentially significant impact on an investor’s performance. The use of options involves risks different from, or possibly greater than, the risks associated with investing directly in the underlying assets. Derivatives can be highly volatile, illiquid and difficult to value, and there is the risk that a hedging technique will fail if changes in the value of a derivative held by an investor do not correlate with the securities being hedged.

*Real Estate Securities.* We may gain exposure to the real estate sector by investing in private funds that invest in real estate. These investments are subject to risks similar to those associated with direct ownership of real estate, including loss to casualty or condemnation, increases in property taxes and operating expenses, zoning law amendments, changes in interest rates, overbuilding and increased competition, variations in market value, and possible environmental liabilities.

*Technology and Cyber Security Risks.* We depend heavily on our, and the certainty of our service providers’, telecommunication, information technology and other operational systems (e.g., brokers, custodians, transfer agents and other parties to which we outsource certain services or business operations). These systems may fail to operate properly or become disabled because of events or circumstances wholly or partly beyond our control. Despite our best efforts to implement security measures, our information technology and other systems, and those of others, could be subject to physical or electronic break-ins, unauthorized tampering or other security breaches, resulting in a failure to maintain the security, availability, integrity and confidentiality of data assets. Technology failures or cyber security breaches, whether deliberate or unintentional, including those arising from use of third-party service providers, as well as failures or breaches suffered by the issuers of securities in which our strategy invests, could delay or disrupt our ability to do business and service our clients, harm our reputation, result in a violation of applicable privacy and other laws, require additional compliance costs, subject us to regulatory inquiries or proceedings and other claims, lead to a loss of clients and revenues or financial loss to our clients or otherwise adversely affect our business, our clients and/or investors.

### ***Item 9 - Disciplinary Information***

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. We have no disciplinary events to report.

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

#### ***Affiliated Private Funds***

As described in ***Item 4 – Advisory Business***, we recommend that certain clients invest in our Affiliated Funds. These private funds are affiliated with us because we are the managing member and adviser of the funds; therefore, we have a financial interest in the Affiliated Funds. Additionally, our principal owner also

has ownership interests in certain of the Affiliated Funds. This creates an incentive for us to recommend investments in the Affiliated Funds, which presents a conflict of interest. To the extent applicable, we will explain any advisory fees, other compensation or incentive associated with the investment. Please see **Item 5 – Fees and Compensation** for a summary of fees charged for investments in Affiliated Funds. Also, such private investment fund offering memorandum, operating agreement and/or subscription documents include a discussion and disclosure of any known conflicts of interest and will also include disclosure of all applicable fees and expenses. To help mitigate this conflict of interest and avoid double charging, you will not pay an advisory fee to us on those assets invested in the Affiliated Funds and will only be assessed the applicable fund's fees on those assets.

#### *Other Investment-Related Activities*

Rusty Holcombe is a licensed real estate broker in Georgia, and as such is eligible to receive commissions or other remuneration related to the sale of real estate.

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

#### Code of Ethics and Personal Trading

We have adopted a Code of Ethics ("the Code"), the full text of which is available to you upon request. Our Code has several goals. First, the Code is designed to assist US in complying with applicable laws and regulations governing our investment advisory business. Under the Investment Advisers Act of 1940, we owe fiduciary duties to our clients. Pursuant to these fiduciary duties, the Code requires persons associated with us (managers, officers and employees) to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits such associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for our associated persons. Under the Code's Professional Standards, we expect our associated persons to put the interests of our clients first, ahead of personal interests. In this regard, our associated persons are not to take inappropriate advantage of their positions in relation to our clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time, our associated persons may invest in the same securities recommended to clients. Under our Code, we have adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

#### Participation or Interest in Client Transactions

As described in Item 10 above, when appropriate we may recommend that clients invest in certain private funds for which we or our Management Person(s) may serve as Managing Member or in a similar capacity. Under such circumstances, clients will only be assessed the fees imposed by the Affiliated Fund(s). Clients will not pay both our advisory fee and the Affiliated Fund(s)' management fees.

Investors often expect and find it preferable that HFI's associated persons also invest in an Affiliated Fund. Such investments are viewed as an explicit commitment to the fund and demonstrate an alignment of interests with investors. The proposed co-investment will only be approved if it is fair and promotes the interests of the participating clients, including the allocation of co-investment.

Because associated persons may invest in the same securities as those held in client accounts, we have established a policy requiring our associated persons to pre-clear transactions in some types of securities with the Chief Compliance Officer, subject to certain exceptions. The goal of this policy is to avoid any conflicts of interest that arise in these situations. Some types of securities, such as CDs, treasury obligations and open-end mutual funds are exempt from this pre-clearance requirement. However, in the event of other identified potential trading conflicts of interest, our goal is to place client interests first.

Consistent with the foregoing, we maintain policies regarding participation in initial public offerings (“IPOs”) and private placements to comply with applicable laws and avoid conflicts with client transactions. If an associated person wishes to participate in an IPO or invest in a private placement, he or she must submit a pre-clearance request and obtain the approval of the CCO.

Finally, if associated persons trade with client accounts (i.e., in a bundled or aggregated trade), and the trade is not filled in its entirety, the associated person’s shares will be removed from the block, and the balance of shares will be allocated among client accounts in accordance with our written policy.

## ***Item 12 - Brokerage Practices***

### **Best Execution and Benefits of Brokerage Selection**

When given discretion to select the brokerage firm that will execute orders in your account, we seek “best execution” for your trades, which is a combination of a number of factors, including, without limitation, quality of execution, services provided and commission rates. Therefore, we may use or recommend the use of brokers who do not charge the lowest available commission in the recognition of research and securities transaction services, or quality of execution. Research services received with transactions may include proprietary or third-party research (or any combination) and may be used in servicing any or all of our clients. Therefore, research services received may not be used for the account for which the particular transaction was effected.

### **The Custodians and Brokers We Use**

We do not maintain custody of your assets that we manage or on which we advise, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account.

Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (“Schwab”) and/or Fidelity Institutional Wealth Services, a division of Fidelity Brokerage Services LLC (“Fidelity”), as qualified custodian of their assets (together, the “Custodians”). The Custodians are licensed broker-dealers and members of NYSE, SIPC.

We are independently owned and operated and are not affiliated with the Custodians. Depending on which custodian(s) you select, Schwab and/or Fidelity will hold your assets in a brokerage account and will buy and sell securities when we (or you) instruct them to. While we recommend that you use Schwab and/or Fidelity as the custodian/broker, you will decide whether to do so and will open your account by entering into an account agreement directly with them, as applicable to your selection. We do not open the account for you, although we may assist you in doing so. Even though your account(s) may be maintained at one (or both) of the Custodians, we can still use other brokers to execute trades for your account(s) as described below (see “Your brokerage and custody costs”).

### ***How we select brokers/custodians***

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are overall most advantageous when compared with other available providers and their services. We consider a wide range of factors, including, but not limited to:



- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, security and stability
- Prior service to us and our clients
- Availability of other products and services that benefit us, as discussed below (see “Products and services available to us from the Custodians”)

#### *Your brokerage and custody costs*

The Custodians generally do not charge you separately for custody services but are compensated by charging you commissions or other fees on trades that they execute or that settle into your account. Certain trades may not incur the Custodians’ commissions or transaction fees. The Custodians are also compensated by earning interest on the uninvested cash in your account. In addition to commissions, the Custodians charge you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your account. These fees are in addition to the commissions or other compensation you pay the executing broker/dealer. Because of this, in order to minimize your trading costs, we have your account custodian execute most trades for your account. We have determined that having your custodian execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How we select brokers/custodians”).

#### *Products and services available to us from the Custodians*

Schwab Advisor Services™ and Fidelity Institutional Wealth Services serve independent investment advisory firms like us. They provide our clients and us with access to their institutional brokerage services (trading, custody, reporting and related services), many of which are not typically available to the Custodians’ retail customers. The Custodians also make available various support services. Some of those services help us manage or administer our clients’ accounts, while others help us manage and grow our business. The Custodians’ support services are generally available on an unsolicited basis (we don’t have to request them) and at no charge to us. Following is a more detailed description of the Custodians’ support services:

#### *Services that benefit you.*

The Custodians’ institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through the Custodians include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Such services generally benefit you and your account.

#### *Services that may not directly benefit you*

The Custodians also make available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our

clients' accounts. They include investment research, both the Custodians' own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at the Custodians. In addition to investment research, the Custodians also make available software and other technology that:

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

#### *Services that generally benefit only us*

The Custodians also offer other services intended to help us manage and further develop our business enterprise. These services include:

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

The Custodians may provide some of these services themselves. In other cases, they will arrange for third-party vendors to provide the services to us. The Custodians may also discount or waive their fees for some of these services or pay all or a part of a third party's fees. The Custodians may also provide us with other benefits such as occasional business entertainment of our personnel.

#### *Our interest in Schwab's services*

The availability of the foregoing services from Schwab benefits us because we do not have to produce or purchase them. We do not have to pay for Schwab's services. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. However, the benefits that we and our clients receive create an incentive to recommend that you maintain your account with Schwab. This is because we may base our recommendation on receiving Schwab's services that benefit our business and Schwab's payment for services for which we would otherwise have to pay rather than base it on your interest in receiving the best value in custody and brokerage services. This is a potential conflict of interest.

#### *Our interest in Fidelity's services*

The availability of the foregoing services from Fidelity benefits us because we do not have to produce or purchase them as long as our firm keeps a total of at least \$25 million of client assets in accounts at Fidelity. If we fall below \$25 million in client assets, Fidelity will charge us a \$2,500 quarterly service fee. Our agreement with Fidelity also includes assistance with certain transition costs for us and for our clients, such as payment of clients' transfer of account exit fees. Receipt of transition benefits for us and our clients as well as having to maintain an asset minimum provides us an incentive to recommend that you maintain your account with Fidelity. This is because we may base our recommendation on our interest in obtaining transition assistance and avoiding the platform fee rather than base it on your interest in receiving the best value in custody and brokerage services. These are potential conflicts of interest.

We believe that our selection of the Custodians is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of the Custodians' services (see "How we select brokers/ custodians") and not the Custodians' services that benefit only us.

In the unlikely event of a trade error occurring in your account, HFI's policy is to make you whole as quickly as possible. HFI works with the executing broker to correct the error, and to confirm all actions taken in the account to the client when appropriate.

#### Directed Brokerage

HFI has selected the Custodians to maximize efficiency and to be cost effective for clients. If clients were able to direct brokerage arrangements elsewhere, these economies of scale and levels of efficiency would generally be compromised when those alternative brokers were used. In fact, if a client chose to use the brokerage and/or custodial services of alternative service providers, the client can in fact experience a certain degree of delay in executing trades for their account(s) and other adverse effects on the management of their account(s). Therefore, with the exception of held-away accounts for which clients do not have an option to utilize the Custodians, HFI typically only manages client accounts held at the Custodians. Not all advisers require their clients to custody their accounts at a specific custodian.

#### Aggregated Trade Policy

We may enter trades as a block where possible and when advantageous to clients whose accounts have a need to buy or sell shares of the same security. This method permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. It allows us to execute trades in a timely, equitable manner, and may reduce overall costs to clients.

We will only aggregate transactions when we believe that aggregation is consistent with our duty to seek best execution (which includes the duty to seek best price) for our clients, and is consistent with the terms of our Agreement with each client for which trades are being aggregated. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day. Transaction costs for participating accounts will be assessed at the custodian's commission rate applicable to each account; therefore, transaction costs may vary among accounts. Accounts may be excluded from a block due to tax considerations, client direction or other factors making the account's participation ineligible or impractical. We will prepare, before entering an aggregated order, a written statement ("Allocation Statement") specifying the participating client accounts and how we intend to allocate the order among those clients. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement. If the order is partially filled, we will consider all accounts in the original allocation and will determine whether to allocate the trades on a pro rata basis or, alternatively which accounts will receive part of the filled order. Accounts may be excluded for a variety of reasons, such as a disproportionate trading cost based on a small number of shares or if we believe the client would be better served to wait for another trading opportunity for those clients. In most cases, any account(s) left out of a partially filled order will be traded the following day.

Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment, and the reason for different allocation is explained in writing and is approved by an appropriate individual/officer of the firm. Our books and records will separately reflect, for each client account included in a block trade, the securities held by and bought and sold for that account. Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the clients' cash nor their securities will be held collectively any longer than is necessary to settle the transaction on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement, and we will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation.

### ***Item 13 - Review of Accounts***

Managed portfolios are reviewed at least quarterly, but may be reviewed more often if requested by the client, upon receipt of information material to the management of the portfolio, or at any time such review is deemed necessary or advisable by us. These factors generally include but are not limited to, the following: change in general client circumstances (marriage, divorce, retirement); or economic, political or market conditions. An officer of the firm will review all accounts.

Account custodians are responsible for providing monthly or quarterly account statements which reflect the positions (and current pricing) in each account as well as transactions in each account, including fees paid from an account. Account custodians also provide prompt confirmation of all trading activity, and year-end tax statements, such as 1099 forms. In addition, we provide at least an annual report for each managed portfolio. This written report normally includes a summary of portfolio holdings and performance results. Additional reports are available at the request of the client.

Fund investors will also receive annual tax information for completion of individual tax returns. We, in our discretion, may provide more frequent reports and/or more detailed information to all or any of the investors in the Affiliated Funds.

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

As noted above, we receive an economic benefit from the Custodians in the form of support products and services they make available to us and other independent investment advisors whose clients maintain accounts with them. These products and services, how they benefit our firm, and the related conflicts of interest are described in ***Item 12 - Brokerage Practices***. The availability of the Custodians' products and services to us is based solely on our participation in the Programs and not in the provision of any particular investment advice. Neither the Custodians nor any other party is paid to refer clients to us.

### ***Item 15 - Custody***

Schwab and Fidelity are the custodians of nearly all of our client accounts. From time to time we may recommend an alternate broker to hold accounts in custody. In any case, it is the custodian's responsibility to provide you with confirmations of trading activity, tax forms and at least quarterly account statements. You are urged to review this information carefully, and to notify us of any questions or concerns. You are also asked to promptly notify us if the custodian fails to provide statements on each account held.

From time to time and in accordance with our agreement with each client, we will provide additional reports. The account balances reflected on these reports should be compared to the balances shown on the brokerage statements to ensure accuracy. There may at times be small differences due to the timing of dividend reporting, accrued interest on bonds, pending trades and other similar issues.

#### ***Affiliated Funds***

We will not maintain physical possession of the funds or securities of the Affiliated Funds. By virtue of our role as Managing Member of the Affiliated Funds, we are considered to have custody of investor assets in the Affiliated Funds. In accordance with regulatory requirements, the Affiliated Funds undergo an annual audit conducted by an independent public accountant that is registered with and inspected by the Public Company Accounting Oversight Board.

### ***Item 16 - Investment Discretion***

As described in ***Item 4 - Advisory Business***, we manage your accounts on a discretionary basis. You will execute our investment advisory agreement, which includes a Limited Power of Attorney ("LPOA") giving

us the authority to carry out various activities in your account, generally including the following: trade execution; the ability to request checks on your behalf; and the withdrawal of advisory fees directly from your account. We then direct investment of your portfolio using our discretionary authority. You may limit the terms of the LPOA to the extent consistent with your investment advisory agreement with us and the requirements of the account custodian.

### ***Item 17 - Voting Client Securities***

Where we have authority to vote proxies, we will seek to vote proxies in the best interest of the client(s) holding the applicable securities. Considering our fiduciary duties, and given the complexity of the issues that may be raised in connection with proxy votes, we have retained Broadridge Financial Solutions ("Broadridge") to assist in the coordination and voting of client proxies. Broadridge specializes in providing a variety of proxy-related services to investment managers. The services provided to us include timely delivery of meeting and record date information, proxy analysis and voting through an electronic web-based vote execution platform, and detailed recordkeeping for our proxy voting function.

The services offered by Broadridge include access to proxy analyses with research and vote recommendations from Glass, Lewis & Co. ("Glass Lewis"). The purpose of Glass Lewis proxy research and advice is to facilitate shareholder voting in favor of governance structures that will drive performance and create shareholder value. Our firm will generally vote in accordance with the recommendations of Glass Lewis, but may vote in a different fashion on particular votes if we determine that such actions are in the best interest of our clients. Where applicable, we will consider any specific voting guidelines designated in writing by a client.

In voting proxy proposals, we seek to avoid all material conflicts of interest that may arise from time to time. In the event there is a conflict of interest, we will normally vote in accordance with the recommendations of Glass Lewis. Alternatively, depending on the circumstances, we will advise the affected client(s) in writing, describing the conflict and the choices of action available to the client with respect to voting the proxy in question.

You may request a copy of our written policies and procedures regarding proxy voting and/or information on how particular proxies were voted by contacting our Chief Compliance Officer at (800) 298-9904. As required under the Advisers Act, such records are maintained for a period of five (5) years.

#### **Class Action Suits**

We have arranged for Chicago Clearing Corporation (CCC) to provide class action litigation monitoring and securities claim filing administration if you choose to participate in this service. For this service, CCC charges a contingency fee of 20% of the amount of each claim settlement award, which is deducted from your award at the time of payment. There are no minimum fees or other fees deducted from an account related to this service. Regardless of whether you choose to utilize the services of CCC, we do not monitor or file claims on your behalf.

### ***Item 18 - Financial Information***

We do not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore we have no disclosure required for this item.

# **Exhibit A**

**Brochure Supplement**

**Form ADV Part 2B**

**Item 1 - Cover Page**

**Russell Eric Holcombe, CFP®**

**CRD# 4347040**

**of**

**Holcombe Financial, Inc.**

4151 Ashford-Dunwoody Road  
Suite 165  
Atlanta, Georgia 30319

(800) 298-9904

[www.HolcombeFinancial.com](http://www.HolcombeFinancial.com)

December 12, 2024

This Brochure Supplement provides information about Russell ("Rusty") Holcombe, and supplements the Holcombe Financial, Inc. ("HFI") Brochure. You should have received a copy of that Brochure. Please contact us at (800) 298-9904 if you did not receive HFI's Brochure, or if you have any questions about the contents of this Supplement.

Additional information about Rusty is available on the SEC's website at [www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

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***Item 2 - Educational Background and Business Experience***

Russell Eric Holcombe (year of birth 1970) is President of HFI. Rusty began his career in 1993 working at his dad's financial advisory practice, Applied Financial Group, Inc. His dad's firm helped wealthy people get out of bad financial situations. In 2007, Rusty launched his own firm, HFI, translating years of experience into a wealth management firm designed solely to help people achieve financial independence.

Rusty earned a degree in Finance/Real Estate from Southern Methodist University in 1993 during one of the worst recessions in Dallas history. SMU, located in Highland Park, was seemingly unaffected by the surrounding economy. While working at Grubb and Ellis, a real estate consulting and management firm, during his college years Rusty witnessed entrepreneurs take full advantage of the recession which caused so much difficulty for others. This greatly affected his views on

scenario planning, investment planning and the importance of patience. He watched the pattern repeat itself over and over again over the next 15 years working for Applied Financial Group, Inc.

#### Certified Financial Planner™ (CFP®)

Rusty is a CERTIFIED FINANCIAL PLANNER™ professional and earned a Masters in Taxation from Georgia State University. Rusty is the author of the book; You Should Only Have to Get Rich Once. He is an avid blogger, speaker, reader, and outdoorsman.

The CFP® certification is granted by Certified Financial Planner Board of Standards, Inc. (CFP Board). To attain the certification, the candidate must complete the required educational, examination, experience and ethics requirements set forth by CFP Board. Certain designations, such as the CPA, CFA and others may satisfy the education component, and allow a candidate to sit for the CFP® Certification Examination. A comprehensive examination tests the candidate's ability to apply financial planning knowledge to client situations. Qualifying work experience is also required for certification. Qualifying experience includes work in the area of the delivery of the personal financial planning process to clients, the direct support or supervision of others in the personal financial planning process, or teaching all, or any portion, of the personal financial planning process. CFP® professionals must complete 30 hours of continuing education accepted by CFP Board every two years.

#### ***Item 3 - Disciplinary Information***

Advisers are required to disclose any material facts regarding certain legal or disciplinary events that would be material to your evaluation of an adviser; however, Rusty has no such disciplinary information to report.

#### ***Item 4 - Other Business Activities***

Rusty is a licensed real estate broker in Georgia, and as such is eligible to receive commissions or other remuneration related to the sale of real estate. To protect client interests, HFI's policy is to disclose all forms of compensation before any such transaction is executed. Under no circumstance will the client pay both a commission to Rusty and a management fee to HFI on the same pool of assets.

#### ***Item 5 - Additional Compensation***

Other than the possibility of real estate commissions or other income related to real estate transactions disclosed above, Rusty has no other income or compensation to disclose.

#### ***Item 6 - Supervision***

Rusty is President of HFI and determines the overall investment advice for the firm. Rusty also serves as HFI's Chief Compliance Officer and is responsible for providing compliance oversight to the staff. Rusty can be reached at (800) 298-9904.