

**Momentum Independent Network Inc.  
Managed Accounts Client Disclosure Brochure**

*Part 2A of Form ADV: Firm Brochure*  
IA SEC Number: 801-60812 CRD: 17587

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This brochure provides information about the qualifications and business practices of Momentum Independent Network, Inc. ("MIN") If there are any questions about the contents of this brochure, please contact MIN at 888-658-9165 or 214- 859-9165 or [clientpartners@hilltopsecurities.com](mailto:clientpartners@hilltopsecurities.com).

This information has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Momentum Independent Network Inc. is available on the Securities and Exchange Commission's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The site may be searched by the unique identifying number, known as an IA number. The IA number for Momentum Independent Network is 801-60812. Registration does not imply a certain level of skill or training.

## Summary of Material Changes

*Updated March 28, 2024*

This Brochure has been updated with the following material Changes that have occurred since the last Client Disclosure Brochure update on March 31, 2023.

### **Addition of Endeavor ActivePassive Program**

Effective fourth quarter of 2023, HTS/MIN began offering Endeavor ActivePassive Program. The Program adds access to risk based Envestnet Portfolio Management Consultants (PMC) portfolios and sub-advised by Envestnet Portfolio Solutions, Inc.

### ***The following disclosures have been added in the Disciplinary Disclosures section of this brochure.***

In August 2023, Momentum Independent Network Inc., an affiliate of Hilltop Securities Inc., was issued a \$2500 civil fine by the State of Maine for failing to perform a required onsite inspection for one (1) Branch Office location.

On August 14, 2024, the Securities and Exchange Commission (“SEC”) entered into a settlement order with Hilltop Securities Inc. (“Hilltop”), an affiliate of Momentum Independent Network, to settle an administrative action finding that Hilltop failed to (1) maintain and preserve off-channel communications related to Hilltop’s broker-dealer business, as well as related to recommendations made or proposed to be made and advice given or proposed to be given with respect to Hilltop’s investment advisory business; and (2) reasonably supervise its personnel with a view to preventing or detecting certain of its personnel’s aiding and abetting violations of certain provisions of the federal securities laws. Hilltop admitted to the facts in the settlement order, acknowledged its conduct violated the federal securities laws, and agreed to: (a) a cease-and-desist order, (b) a censure, (c) payment of a civil monetary penalty in the amount of \$1,600,000, and (d) certain undertakings related to the retention of electronic communications.

A copy of the current Client Firm Disclosure Brochure is available at any time, without charge, by contacting Hilltop Securities Inc. by phone at 888-658-9165 or 214-859-9165 or by email at [clientpartners@hilltopsecurities.com](mailto:clientpartners@hilltopsecurities.com). A copy of the most recent disclosure brochure may be obtained by going to the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Advisory Business

Momentum Independent Network Inc. (“MIN,” “The Firm”), is a full-service broker-dealer and Registered Investment Adviser, serving the investment and capital needs of individual, corporate and institutional clients, banking and thrift clients, and qualified accounts (“Client” or “Clients”). MIN is a wholly owned subsidiary of Hilltop Securities Holdings LLC, a Delaware limited liability company.

MIN, as a full-service broker-dealer, provides brokerage, execution, clearing, and custody services to its clients. It is registered with the United States Securities and Exchange Commission (“SEC”) pursuant to the Securities Exchange Act of 1934 and is a member the Financial Industry Regulatory Authority (“FINRA”), and the Securities Investor Protection Corporation (“SIPC”). MIN is also an Investment Adviser registered with the SEC pursuant to the Investment Advisers Act of 1940. As an Investment Adviser, MIN completes a Form ADV which contains additional information about its business and affiliates. The Form ADV and additional information is available through public filings with the SEC at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

In comparing account types and managed account Programs (“Programs”) and their relative costs, the client should consider various factors, including, but not limited to, the range of investment products available in each Program, preference for an advisory or brokerage relationship, and preference for a fee-based or commission-based relationship.

Each MIN managed account is assigned to an Investment Adviser Representative (“IAR”). Any IAR of MIN who provides investment advice for a fee is required to meet the appropriate states’ regulatory requirements which may include an administered examination or an approved designation in lieu of an exam. A number of the advisory programs available to Clients of MIN are sponsored by Hilltop Securities Inc., (“HTS”), an affiliate of MIN. Registration of an Investment Adviser does not indicate a higher level of skill or training.

As of December 31, 2023, MIN has \$1,117,141,327 assets under management, \$314,369,351 on an advisor discretionary basis, \$206,389,611 on separately managed discretionary, accounts, and \$596,382,365 on a non-discretionary basis.

## Financial Planning/ Consulting Services

MIN provides financial planning services. Financial planning is an investment advisory service that creates a fiduciary relationship MIN must place the interests of the client above their own or those of their advisors. This disclosure document explains the client's rights and MIN's obligations in providing the client with a financial plan. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analyses are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service will receive a written report (“Financial Plan”) which provides the client with a detailed financial plan designed to assist the client in pursuing their financial goals and objectives. Financial planning is an ongoing process, and a client's financial plan should be reviewed and updated accordingly as their financial situation and life circumstances change.

In general, the Financial Plan can address any or all the following areas:

**PERSONAL:** MIN will review family records, budgeting, personal liability, estate information and financial goals.

**TAX & CASH FLOW:** MIN will analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.

**INVESTMENTS:** MIN will analyze investment alternatives and their effect on the client's portfolio. MIN does not advice on market timing or the timing of product transfers.

**INSURANCE:** MIN will review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.

**RETIREMENT:** MIN will analyze current strategies and investment plans to help the client achieve his or her retirement goals.

**DEATH & DISABILITY:** MIN will review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.

**ESTATE:** MIN will assist the client in assessing and developing long-term strategies, including as appropriate,

living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

**BUSINESS FINANCIAL PLANNING:** MIN will analyze the needs of a business owner, which includes business cash flow, valuation, tax planning, benefits planning, and transition planning. MIN will gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. After reviewing documents supplied by the client, including a questionnaire completed by the client, MIN will prepare a written report. The Financial Plan will not address all financial issues that impact the client for various reasons (e.g., insufficient data provided, out of the scope of specific plan covered in agreement), and such an omission does not imply that the excluded topic is not applicable to the client's financial situation.

Should the client choose to implement the recommendations contained in the plan, MIN will suggest the client work closely with their attorney, accountant, insurance agent, and/or financial adviser. Implementation of the Financial Plan recommendations is entirely at the client's discretion. Financial planning services do not involve the active management of client accounts or the implementation of specific transactions on the client's behalf by the advisor.

Implementation of specific transactions on the client's behalf by the advisor would require a separate agreement and fees, which would vary based on the arrangement selected (e.g., fee-based managed accounts, commissioned brokerage).

The client should review the written recommendations that they receive, to ensure that they accurately reflect their provided data and financial objectives. The appropriateness of MINs recommendations is dependent upon the accuracy of information provided by the client.

Financial planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

Clients can also receive investment advice on a more focused basis. This would include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. MIN also provides specific consultation and administrative services regarding the client's investment and financial concerns.

Consulting recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

### **Financial Planning/Consulting Fees and Compensation**

MIN's financial planning/consulting fee is determined based on the nature of the services provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client. Fee arrangements can be charged in a variety of options determined by the client and their MIN advisor.

MIN financial planning fees are calculated on an hourly, quarterly, or annual fee basis.

- Financial planning/consulting hourly fees are calculated and charged on an hourly basis and range from \$250 to \$500 per hour. Although the length of time it will take to provide a Financial Plan will depend on each client's personal situation, MIN will provide an estimate for the total hours at the start of the advisory relationship. Up to half of the estimated payment will be charged as a retainer upon completion of the initial fact-finding session with the client, the remainder of the fees will be charged upon completion of the plan, based on actual hours accrued.
- Financial planning/consulting quarterly and annual fees are calculated and charged a fixed fee either quarterly or annually. The fee varies depending on a variety of factors including the scope of services provided, complexity of the process, types of issues addressed, and the frequency of the engagement.

The fees for developing a new financial plan differ from the fees for updating an established financial plan.

The Financial planning fees described above do not include the fees the client may incur for additional professional services (e.g., accountant or personal attorney) in connection with the financial planning process.

If a financial planning/consulting client executes recommended securities transactions through associated persons of MIN in their separate capacities as registered representatives of a broker dealer, those individuals will earn commissions that are separate and distinct from the fees charged for financial planning/consulting. Commissions cannot be credited towards future advisory fees.

MIN reserves the discretion to reduce or waive the hourly fee and/or the minimum fixed fee if a financial planning client chooses to engage the firm for its portfolio management services.

## **Retirement Planning Advisory Services**

### **Types of Retirement Plan Services**

MIN offers (1) Discretionary Investment Management Services, (2) Non-Discretionary Investment Advisory Services and/or (3) Retirement Plan Consulting Services to employer-sponsored retirement plans and their participants. Depending on the type of the Plan and the specific arrangement with the Sponsor, HTS may provide on or more of these services. Prior to being engaged by the Sponsor, the firm will provide a copy of this Form ADV Part 2A along with a copy of our Privacy Policy and the Retirement Plan Consulting Agreement “Agreement” that contains the information required under Sec. 408(b)(2) of the Employee Retirement Income Security Act “ERISA” as applicable.

The agreement authorizes our Investment Adviser Representatives “IARs” to deliver one or more of the following services:

### **Discretionary Investment Management Services**

These services are designed to allow the Plan fiduciary to delegate responsibility for managing, acquiring, and disposing of Plan assets that meet the requirements of ERISA. The firm will perform these investment management services through our IARs, and charge fees as described in the form ADV and the Agreement. If the Plan is subject to ERISA, HTS will perform these services as an “investment Manager” as defined under ERISA Section 3(38) and as a “fiduciary” to the Plan as defined under ERISA Section 3(21). Specifically, the Sponsor may determine that the firm will perform the following services:

### **Selection, Monitoring & Replacement of Designated Investment Alternatives “DIAs”**

Adviser will review with Sponsor the investment objectives, risk tolerance and goals of the Plan and provide to Sponsor and IPS that contains criteria from which Adviser will select, monitor, and replace the Plan’s DIAs. Once approved by Sponsor, Adviser will review the investment options available to the Plan and will select the Plan’s DIAs in accordance with the criteria set forth in the Investment Policy Statements (IPS). On a periodic basis, Adviser will monitor and evaluate the DIAs and replace and DIA(s) that no longer meet the IPS criteria.

### **Creation & Maintenance of Model Asset Allocation Portfolios “Models”**

Adviser will create a series of risk-based Models comprised solely among the Plan’s DIAs; and, on a periodic basis and/or upon reasonable request, Adviser will reallocate and rebalance the Models in accordance with the IPS or other guidelines approved by Sponsor.

### **Selection, Monitoring & Replacement of Qualified Default Investment Alternatives (QDIA(s))**

Based upon the options available to the Plan, Adviser will select, monitor, and replace the Plan’s QDIA(s) in accordance with the IPS.

### **Management of Trust Fund**

Adviser will review with Sponsor the investment objectives, risk tolerance and goals of the Plan and provide to Sponsor and IPS that contain criteria from which Adviser will select, monitor, and replace the Plan’s investment. Once approved Sponsor, Adviser will review the investment option available to the Plan and will select the Plan’s investments in accordance with the criteria set forth in the IPS. On a periodic basis, Adviser will monitor and evaluate the investments and replace any investment(s) that no longer meet the IPS criteria.

### **Non-Discretionary Fiduciary Services**

These services are designed to allow the Sponsor to retain full discretionary authority or control over assets of the Plan. HTS will solely be making recommendations to the Sponsor. HTS will perform these Non-Discretionary investment advisory services through its IARs and charge fees as described in this Form ADV and the Agreement. If the Plan is covered by ERISA, the firm will perform these investment advisory services to the Plan as a “fiduciary” defined under ERISA Section 3(21). Sponsor may engage the firm to perform one or more of the following Non- Discretionary investment advisory services.

### **Investment Policy Statements “IPS”**

Adviser will review with Sponsor the investment objectives, risk tolerance and goals of the Plan. If the Plan does not have an IPS, Adviser will provide recommendations to Sponsor to assist with establishing an IPS. If the Plan has an existing IPS, Adviser will review it for consistency with the Plan’s objectives. If the IPS does not represent the objectives of the Plan, Adviser will recommend to Sponsor revisions to align the IPS with Plan’s objectives.

### **Advice Regarding Designated Investment Alternatives “DIAs”**

Based on the Plan’s IPS or other guidelines established by the Plan, Adviser will review the investment options available to the Plan and will make recommendation to assist Sponsor with selecting DIAs to be offered to Plan participants. Once Sponsor selects the DIAs, Adviser will, on a periodic basis and/or upon reasonable request, provide reports and information to assist Sponsor with monitoring the DIAs. If a DIA is required to be removed, Adviser will provide recommendations to assist Sponsor with replacing the DIA.

### **Advice Regarding Model Asset Allocation Portfolios “Models”**

Based on the Plan’s IPS or other guidelines established by the Plan, Adviser will make recommendations to assist Sponsor with creating risk-based Models comprised solely among the Plan’s DIAs. Once Sponsor approves the Models, Adviser will provide reports, information and recommendations, on a periodic basis, designed to assist Sponsor with monitoring the Models. Upon reasonable request, and depending upon the capabilities of the recordkeeper, Adviser will make recommendations to Sponsor to reallocate and/or rebalance the Models to maintain their desired allocations.

### **Advice Regarding Qualified Default Investment Alternative “QDIA(s)”**

Based on the Plan’s IPS or other guidelines established by the Plan, Adviser will review the investment options available to the Plan and will make recommendations to assist Sponsor with selecting or replacing the Plan’s QDIA(s).

### **Participant Investment Advice**

Adviser will meet with Plan participants, upon reasonable request, to collect information necessary to identify the Plan participant’s investment objectives, risk tolerance, time horizon, etc. Adviser will provide written recommendations to assist the Plan participant with creating a portfolio using the Plan’s DIAs or Models, if available. The Plan participant retains sole discretion over the investment of his/her account.

### **Advice Regarding Investment of Trust Fund**

Based on the Plan’s IPS, Adviser will review the investment options available to the Plan and will make recommendations to assist Sponsor with selecting investments that meet the IPS criteria. Once Sponsor selects the investment(s), Adviser will, on a periodic basis and/or upon reasonable request, provide reports and information to assist Sponsor with monitoring the investment(s). If the IPS criteria require any investment(s) to be replaced, Adviser will provide recommendation to assist Sponsor with replacing the investment(s).

### **Retirement Plan Consulting Services**

Retirement Plan Consulting Services are designed to allow our IARs to assist the Sponsor in meeting his/her fiduciary duties to administer the Plan in the best interests of Plan participants and their beneficiaries. Retirement Plan Consulting Services are performed so that they would not be considered “investment advice” under ERISA. The Sponsor may elect for our IARs to assist with any of the following services:

#### **Administrative Support**

- Assist Sponsor in reviewing objectives and options available through the Plan
- Review Plan committee structure and administrative policies/procedures
- Recommend Plan participant education and communication policies under ERISA 404(c)
- Assist with development/maintenance of fiduciary audit file and document retention policies
- Deliver fiduciary training and/or education periodically or upon reasonable request
- Recommend procedures for responding to Plan participant requests

### **Service Provider Support**

- Assist fiduciaries with a process to select, monitor and replace service providers
- Assist fiduciaries with review of Covered Service Providers “CSP” and fee benchmarking
- Assist with use of ERISA Spending Accounts or Plan Expense Recapture Accounts to pay CSPs
- Assist with preparation and review of Requests for Proposals and/or Information
- Coordinate and assist with CSP replacement and conversion

### **Investment Monitoring Support**

- Periodic review of investment policy in the context of Plan objectives
- Assist the Plan committee with monitoring investment performance
- Assist with monitoring Designated Investment Managers and/or third-party advice providers

### **Participant Services**

- Facilitate group enrollment meetings and coordinate investment education
- Assist Plan participants with financial wellness education, retirement planning and/or gap analysis

### **Potential Additional Retirement Services Provided Outside of the Agreement**

HTS and its IARs, while providing Retirement Plan Services or otherwise, can establish a client relationship with one or more plan participants or beneficiaries. Such client relationships develop in various ways, including, without limitation:

- as a result of a decision by the plan participant or beneficiary to purchase services from HTS not involving the use of plan assets;
- as part of an individual or family financial plan for which any specific recommendations concerning the allocation of assets or investment recommendations relating to assets held outside of a plan; or
- through a rollover an Individual Retirement Account “IRA Rollover”

In providing these optional services, HTS may offer employers and employees information on other financial and retirement products or services offered by the firm and its IARs. While providing Retirement Plan Services to a plan, IARs may, when requested by a participant or beneficiary, arrange to provide services to that participant or beneficiary through a separate agreement.

When a participant requests assistance with an IRA Rollover from his/her plan to an account advised or managed by the firm, a conflict of interest will exist if the fees are reasonably expected to be higher than the fees that would be received in connection with the Retirement Plan Services. For participants invested in plans which the firm does not advise, a conflict of interest arises when compensation is not earned if they remain invested in their current plan. All relevant information about the applicable fees charged by the firm will be disclosed prior to opening a retirement account. Any decision to affect the rollover or about what to do with the rollover assets remain that of the plan participant or beneficiary alone.

### **Individually Tailored Services**

When providing investment fiduciary services, our advice or (if applicable) discretion is tailored to meet the investment policies or other written guidelines adopted by the Sponsor. When providing Participant Investment Advice, such advice will be based upon the investment objectives, risk tolerance and investment time horizon of each individual Plan participant.

### **Fees and Compensation**

Fees for the Retirement Planning Advisory Services “Fees” are negotiable and vary based upon the nature, scope and frequency of our services as well as the size and complexity of the Plan. A general description of the different types of fees for Retirement Planning Advisory Services appears in the fee schedule below:



Fee Type	Fee Range
Asset-Based Fees	0.25% to 0.75%
Flat Fees	Negotiable based upon size of plan, number of participants, nature, scope, and frequency of services provided
Project or Hourly Fees	Negotiable based upon scope of work performed

Depending upon the capabilities and requirements of the Plan's recordkeeper or custodian, the firm may collect Fees in arrears or in advance. Typically, Sponsors instruct the Plan's recordkeeper or custodian to automatically deduct Fees from the Plan account; however, in some cases a Sponsor may request that invoices be sent directly to the Sponsor or recordkeeper/custodian.

Sponsors receiving Retirement Plan Services may pay more than or less than a client might otherwise pay if purchasing the Retirement Plan Services separately or through another service provider. There are several factors that determine whether the costs would be more or less, including, but not limited to, the size of the Plan, the specific investments made by the Plan, the number of or locations of Plan participants, services offered by another service provider, and the actual costs of Retirement Plan Services purchased elsewhere. In light of the specific Retirement Plan Services offered by us, the Fees charged may be more or less than those of other similar service providers.

In determining the value of the Account for purposes of calculating any asset-based Fees, Advisor will rely upon the valuation of assets provided by Sponsor or the Plan's custodian or recordkeeper without independent verification.

Unless the firm agrees otherwise, no adjustments or refunds will be made in respect of any period for (i) appreciation or depreciation in the value of the Plan account during that period or (ii) any partial withdrawal of assets from the account during that period. If the Agreement is terminated by HTS or by Sponsor, a refund of certain Fees to Sponsor to the extent provided in Section 8 of the Agreement. Unless otherwise agreed, all Fees shall be based on the total value of the assets in the account without regard to any debit balance.

All Fees paid to the firm for Retirement Plan Services are separate and distinct from the fees and expenses charged by mutual funds, variable annuities and exchange-traded funds to their shareholders. These fees and expenses are described in each investment's prospectus. These fees will generally include a management fee, other expenses, and possible distribution fees. If the investment also imposes sales charges, a client may pay an initial or deferred sales charge. The Retirement Plan Services provided, among other things, will assist the client in determining which investments are most appropriate to each Client's financial condition and objectives. Other administrative assistance is provided to the client as requested. Accordingly, the client should review both the fees charged by the funds, the fund manager, the Plan's other service providers and the fees charged by HTS to fully understand the total amount of fees to be paid by the client and to evaluate the Retirement Plan Services being provided.

In the event that any third-party payments are received or subsidies in connection with the Retirement Plan Services offered, a disclosure of such fees to Sponsors in accordance with ERISA and Department of Labor regulations.

No increase in the Fees will be effective without prior written notice.

### **Other Compensation**

Various vendors, product providers, distributors and other providers provide non-monetary compensation by paying for expenses related to training and education, including travel expenses, and attaining professional designations.

Payments are also received to subsidize the firm's training programs and certain vendors invite MIN to participate in conferences, on-line training or receive publications designed to further our skills and knowledge. Some occasionally provide The Firm with gifts, meals and entertainment of reasonable value consistent with industry rules and regulations.

In the event the payments, or non-monetary compensation, are received in connection with or as a result of the Retirement Plan Services, such fees to Sponsors in accordance with ERISA and Department of Labor regulations.

## **Review of Accounts**

MIN will contact the client at least once a year to review our Retirement Plan Services. It is important that clients discuss any changes in the Plan's demographic information, investment goals, and objectives with their IAR. Plans may receive written reports directly from their IAR based upon the services being provided, including any reports evaluating the performance of Plan investment manager(s) or investments.

## **Custody**

MIN will not serve as a custodian for Plan assets in connection with the Retirement Plan Services. Sponsor is responsible for selecting the custodian for Plan assets. The firm may be listed as the contact for the Plan account held at an investment sponsor or custodian. Sponsor for the Plan will complete account paperwork with the outside custodian that will provide the name and address of the custodian. The custodian for Plan assets is responsible for providing the Plan with periodic confirmations and statements. The firm recommends that the Sponsor reviews the statements and reports received directly from the custodian or investment sponsor.

## **Investment Discretion**

When providing Retirement Plan Services described herein, MIN may exercise discretionary authority or control over the investments specified in the Agreement. These services are performed by MIN for the Plan as a fiduciary under ERISA Section 3(21) and investment manager under ERISA Section 3(38). MIN is legally required to act with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances. This discretionary authority is specifically granted to MIN by Sponsor, as specified in the Agreement (*see also, Item 4 above*).

## **Voting Client Securities**

MIN has no authority or responsibility to vote any security held by the Plan or the related proxies. The Sponsor or trustee of the Plan reserves that authority.

## **Services, Fees and Compensation**

MIN makes a number of Programs available that are designed to help Clients meet their investment objectives and goals. The accounts managed by MIN are generally not intended to provide the Client with a complete investment program as MIN expects that the assets it manages do not represent the entire value of their investment portfolio. The service begins with a consultation between the Client and their IAR to review investment objectives, financial circumstances and risk tolerance. The Client will complete a Risk Tolerance Questionnaire ("RTQ") to document the results of this assessment. After reviewing the results of the RTQ, the Client's IAR will recommend a specific advisory program. By reviewing the RTQ and recommending a specific advisory program, the IAR seeks to appropriately balance their Clients' financial objectives and the risk tolerance as part of an investment strategy. The Client agrees to immediately notify their IAR of any changes in their financial situation or risk objectives. In some cases, these Programs cost the Client more or less than purchasing the services separately. The Client should be aware that commissions or Program fees charged in some cases are higher than those otherwise available if the Client were to select a separate brokerage service and negotiate commissions in the absence of the extra advisory services provided.

The fee schedules of MIN are subject to negotiation, depending upon a range of factors including, but not limited to, account values ("Account Values") and overall range of advisory services provided.

Services provided as part of the wrap fee for advisory accounts include, but not limited to:

- Access to an IAR for personal service and financial advice
- Review of suitability based on client provided information in advisory agreements, new account forms and client interviews
- Portfolio management services
- Quarterly and/or monthly account statements
- Performance reports available on demand
- Execution of client portfolio transactions
- Custodial services
- Advisory fee billing

If the client holds qualified accounts in the Programs such as IRA or other tax advantaged types, please note that the client must carefully monitor their contributions to prevent them from inadvertently exceeding federal limits. The Insurance Carrier will provide all statements and confirmations for the Destination Program. Charles Schwab will provide all statements and confirmation for the Partner – TPC Program and the TAM will provide all statements and confirmations for the Explorer Program.

### **Tax and Impact Overlay Services**

Envestnet as overlay manager offers Tax Overlay and Impact Overlay services for an additional fee. The services must be selected by the client. If selected by the client, Envestnet will provide Tax Overlay Services, Impact Overlay Services, or both, to an account or sleeve. Envestnet operates both services in accordance with their policies and procedures as described in the Envestnet 2A Disclosure Brochure.

Tax Overlay Services seeks to consider tax implications that detract from the Client's after-tax returns. The Tax Overlay Service looks to improve the after-tax return for the Client while staying as consistent as possible with the risk/return characteristics provided by the model portfolios. Envestnet evaluates proposed trades in the account and determines if the activity will have an acceptable level of taxable impact to the client, based on the tax settings that Envestnet has been provided by the client through their IAR. The gains and losses realized with the trading of Strategies and/or Funds are considered as part of the Tax Overlay in the Program account. Certain Program strategies contain the ability to be managed as tax-efficient or tax-aware by the applicable Model Provider. If the client and their IAR have selected a tax-efficient or tax-aware strategy, the client should discuss with their IAR whether the Tax Overlay Service is appropriate in that circumstance. Neither MIN, the IAR nor Envestnet assures that tax liability will be reduced or that any indicated limits or mandates will be met. Neither MIN, the IAR nor Envestnet provide tax planning advice or services. Clients should discuss any question with or request further information from their IAR or tax consultant in using the Tax Overlay Service. The Tax Overlay Service is available for accounts in the Momentum Pathways UMA and Gateway FSP Programs.

Impact Overlay Services seek to reflect a Client's own personal values by excluding investments linked to companies that derive revenues from specific business areas or companies that participate in controversial business activities (e.g., negative environmental impacts, human rights violations, corruption). The end goal of the Impact Overlay Service is to align a portfolio with the personal values of the Client, while staying as consistent as possible with the risk/return characteristics provided the model portfolios. The Impact Overlay Service is available for accounts in the Momentum Pathways UMA Program.

A separate approval must be provided to use the Tax Overlay and Impact Overlay services. When choosing to use either or both services, the client should consider whether the additional fee, which will be charged on the full balance of the account, is justified by the benefit they receive from the services. The client may choose to terminate these services at any time.

### **Advisory Accounts available through Envestnet Asset Management, Inc.**

MIN advisory programs and services are available through Envestnet Asset Management, Inc. ("Envestnet"), a non-affiliate investment adviser registered under the Investment Advisers Act, through its web-based platform. These services in part or whole apply to Sponsors Aviator, Co-Pilot Passport Series Separately Managed Accounts ("SMA"), Momentum Pathways Unified Managed Account ("UMA"), Gateway Fund Strategist Portfolio ("FSP's") and Compass UMA and Endeavor ActivePassive Programs.

While MIN offers the Partner – TPC and Explorer Programs, not all services outlined below are included. Please see the next sections for further explanation.

The services from Envestnet include:

- Providing access to a variety of Portfolio Managers, Model Providers and Fund Strategists (Investment Managers) strategies and risk-based asset allocation models available for MIN Programs. This may include the use of Hilltop Securities Portfolio Management (HTSPM) which is a proprietary Investment Advisory Manager operating and sponsored by Hilltop Securities.
- Portfolio trading
- Providing billing for all MIN advisory Program accounts
- Providing account reporting including but not limited to performance, realized/unrealized gains and

losses, account holdings etc.

- Account rebalancing
- Accepting and acting on reasonable account restrictions

IARs will work with their Clients to complete a Statement of Investment Selection (SIS) which includes a Risk Tolerance Questionnaire. The purpose of the SIS is to establish an understanding between the Client, MIN and Envestnet Asset Management, Inc. regarding the investment objectives, goals, and guidelines for the Client's investment management account. IARs will work with Clients to provide recommendations regarding the appropriate asset allocation and underlying strategies to meet their objectives. The Clients are directing the investments and changes made to the Program portfolio and are ultimately responsible for the selection of the appropriate asset allocation and underlying Investment Managers' strategies. MIN will provide the Client with investment advisory services through one or more of its IARs. MIN will: (i) assist client with defining financial, risk and objective information; (ii) assist client with selection of the Investment Managers and (iii) review and analyze the Client's Program Account.

Investment Managers may receive from MIN certain information from the SIS, which will include, among other information, Client's investment objective, risk tolerance and any Client imposed restrictions on management of Client's Program Account(s). MIN also may provide Investment Managers with other information regarding the Client, including a copy of the agreement between MIN and the Client. MIN will provide relevant updated information to Investment Managers after receipt of such information from the Client.

The Client understands and agrees the Investment Managers shall be retained by Envestnet pursuant to agreements between the Investment Manager and the Model Provider. The Client understands that the forgoing Investment Managers (and any such appointed in the future) shall have full discretionary authority over the Program account. Investment Managers will manage the Client's Program Account, the basis of the SIS, the Client's financial situation and investment objectives and any reasonable restrictions imposed by the Client.

Additional services can be provided based on the Program selected. Fees and additional services for each Program are listed below:

## **Aviator and Co-Pilot Program Overview**

### **Aviator Program**

The MIN Aviator Program, a fee-based advisory program, offers an open architecture platform. This enables the IAR to develop a personalized investment strategy for their Clients, manage their customized portfolios, and deliver ongoing investment advice. With Aviator, the IAR can construct a portfolio that consists of a wide assortment of investments including, but not limited to, individual securities, ETFs, mutual funds, and fixed-income positions. In the Aviator Program, the IAR manages the accounts on a non-discretionary basis. As of March 31, 2024, the Aviator Program will be closed to NEW discretionary business. All existing discretionary accounts will continue to be supported and all policies and procedure detailed in this document will be in force. Under limited circumstances, an exception for a new account may be provided.

The Aviator Program features include:

- Customized portfolio and allocations
- Account minimum is \$30,000 or as accepted
- On-demand performance reporting and other account reports
- Trading is done on the Momentum back-office system for eligible securities.

### **Co-Pilot Program**

The MIN Co-Pilot Program, a fee-based advisory Program, offers an Adviser-created model-based platform that requires the use of Envestnet to create a model portfolio within the Client's risk tolerance and assign that model to accounts. This enables the IAR to develop a personalized investment strategy for their Clients, manage their customized portfolios, and deliver ongoing investment advice. With Co-Pilot, the IAR will construct a model portfolio that consists of a wide assortment of investments including, but not limited to, individual securities, ETFs, mutual funds, and fixed-income positions. In the Co-Pilot Program the IAR manages the accounts on either a discretionary or non-discretionary basis. For the accounts to be in the Discretionary Program the IAR must first be

approved to participate in the program.

The Co-Pilot Program features include:

- Customized model portfolio and allocations
- Account minimum is \$30,000 or as accepted
- On-demand performance reporting and other account reports
- Trading is done on the Envestnet Platform for eligible Platform securities. In some cases, certain securities will not be traded via the Envestnet Platform

### **Partner – Third Party Custodian (TPC) Program**

The Partner – TPC program is an investment advisory program which enables the clients IAR to provide investment advice through an account where the assets are custodied at Charles Schwab & Co., Inc. Advisor Services (“Schwab”) with access to a wide spectrum of investments choices to help achieve portfolio diversification. Within the Partner – TPC program, the clients IAR assists in developing a personalized investment portfolio using a variety of security types. The IAR obtains the necessary financial data from the client and assists in determining the suitability of the advisory services and selecting the appropriate investment objective. The IAR provides ongoing investment advice and management tailored to the individual needs of the client. Schwab will hold client assets in a brokerage account and buy and sell securities when MIN and the IAR instruct them to. In the Partner – TPC Program the IAR manages the accounts on either a discretionary or non-discretionary basis. **For the accounts in the Discretionary Program the IAR must first be approved to participate in the Program.**

In addition to the asset-based fee for advisory services, Schwab charges transaction costs, custodial fees, redemption, retirement plan and administrative fees or commissions.

MIN offers a limited discretionary service in the Partner – TPC program and that is only available to a limited number of IARs who meet certain eligibility requirements.

### **Aviator, Co-Pilot and Partner - TPC - Methods of Analysis**

Each IAR has the independence to take the approach they believe is most appropriate when analyzing investment products and strategies for Clients in the Aviator, Co-Pilot and Partner - TPC Programs. There are several sources of information that MIN and/or IARs use as part of the investment analysis process. These sources include, but are not limited to:

- Financial publications
- Research materials prepared by third parties
- Corporate rating services
- SEC Filings (annual reports, prospectus, 10-K, etc.)
- Company press releases
- Regulatory and self-regulatory reports
- Other public sources

As a firm, MIN does not favor any specific method of analysis over another and therefore would not be considered to have one approach deemed to be a “significant strategy.” There are, however, a few common approaches that MIN or the clients IAR, often use individually or collectively, while providing advice to clients. Please note that there is no investment strategy that will guarantee a profit or prevent loss. The following are some common strategies employed in the management of client accounts:

- **Dollar Cost Averaging (“DCA”):** The technique of buying a fixed dollar amount of a particular investment on a regular schedule, regardless of the share price. More shares are purchased when prices are low, and fewer shares are bought when prices are high. Periodic investment programs cannot guarantee a profit or protect against a loss in a declining market. Dollar Cost Averaging is a long-term strategy that involves continuous investing, regardless of fluctuating price levels, and, as a result, the Client should consider their financial ability to continue to invest during periods of fluctuating price levels.

- **Asset Allocation:** An investment strategy that aims to balance risk and reward by allocating assets among a variety of asset classes. At a high level, there are three main asset classes—equities (stocks), fixed income (bonds), and cash/cash equivalents— each of which has different risk and reward profiles/behaviors. Asset classes are often further divided into domestic and foreign investments, and equities are often divided into small, intermediate, and large capitalization. The general theory behind asset allocation is that each asset class will perform differently from the others in different market conditions. By diversifying a portfolio of investments among a wide range of asset classes, IARs seek to reduce the overall volatility and risk of a portfolio by avoiding overexposure to any one asset class during various market cycles. Asset allocation does not guarantee a profit or protect against loss.
- **Technical Analysis (a.k.a. “Charting”):** A method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security’s intrinsic value. Instead, they use charts and other tools to identify patterns that can suggest future activity. When looking at individual equities, a person using technical analysis generally believes that performance of the stock, rather than performance of the company itself, has more to do with the company’s future stock price. It is important to understand that past performance does not guarantee future results.
- **Fundamental Analysis:** A method of evaluating a security that entails attempting to measure its intrinsic value by examining related economic, financial, and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security’s value, including macroeconomic factors (e.g., the overall economy and industry conditions) and company-specific factors (e.g., financial condition and management). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security’s current price, with the aim of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis.
- **Quantitative Analysis:** An analysis technique that seeks to understand behavior by using complex mathematical and statistical modeling, measurement, and research. By assigning a numerical value to variables, quantitative analysts try to replicate reality mathematically. Some believe that it can also be used to predict real-world events, such as changes in a share price. Qualitative Analysis: Securities analysis that uses subjective judgment based on no quantifiable information, such as management expertise, industry cycles, strength of research and development, and labor relations. This type of analysis technique is different from quantitative analysis, which focuses on numbers. The two techniques, however, are often used together.

#### Aviator/Co-Pilot/Partner - TPC Program Fees

Fees for these Programs are offered on a wrap fee basis, covering all of MIN’s execution, consulting and custodial services. Additional fees may be charged by MIN for certain administrative actions such as wire transfers. The maximum program fee schedule, shown in the table below, is based on the total account value and is negotiable. The fee schedule is not applied incrementally; the corresponding rate is applied to the entire total account value in the determination of the fee. The fee does not cover the fees and expenses of any underlying exchange traded funds (“ETFs”), closed-end funds, mutual funds, unit investment trusts (“UITs”) or exchange traded notes (“ETNs”). The fee is calculated using the market value of the account on the last day of the preceding quarter. The fee is applied to the account each calendar quarter, on a pro-rated quarterly basis, and is billed in advance. The clients program fee will not be adjusted for no or low trading activity.

Total Account Value	Maximum Annualized Fee for Individual Securities Accounts	Maximum Annualized Fee for Mutual Fund/ETF/UIT Only Accounts
Up to \$249,999	2.25%	1.75%
\$250,000 – \$499,999	2.00%	1.50%
\$500,000 – \$999,999	1.75%	1.25%
\$1,000,000 and over	1.50%	1.00%

**\*\*** Any single deposit or any single withdrawal of \$10,000 or more of cash and/or securities, the account will be debited or credited a pro-rated fee on the market value of the assets deposited to or withdrawn. The pro-rated amount will be due and charged as of the date additional assets were deposited or a pro-rated adjustment or refund of any prepaid fee as of the date of the withdrawal. MIN will retain between .10% and 25% of the fee assessed to the Client for administrative services provided. For accounts billed in arrears there will be no credit or debit as the amount of deposit or withdrawal will already be taken into consideration for the quarterly billing value.

### **Unsolicited Transactions**

The advice and counsel of the clients IAR is a critical service of the Aviator, Co-Pilot, and Partner - TPC account. Solicited transactions will be made based on the recommendations that the IAR makes to the client. Unsolicited transactions are made when the client directs the trades without advice or counsel from their IAR. Unsolicited transactions will impact the performance of the portfolio and future financial planning activities.

After the client has executed an unsolicited transaction without MIN's advice, for as long as they hold that position in their Aviator/Co- Pilot Account, MIN will take that asset into consideration:

- as part of the overall account assets,
- when MIN provides the client with periodic asset allocation advice,
- when MIN values the clients' account holdings
- when MIN provides with analyses and reports on the account's performance

MIN will include any holding that is acquired in an unsolicited transaction as part of the client account assets. Those assets are included when calculating their advisory fee on the last business day of each calendar quarter. Holdings that remain in the account will continue to be part of each fee cycle calculation until the holding is transferred or liquidated.

A significant unsolicited trading pattern will indicate that the Aviator, Co-Pilot, and Partner - TPC account is no longer appropriate for the client. In these situations, MIN has the right to terminate the account from the program.

### **Cash/Money Market and Securities Concentrations**

Advisory Programs are not appropriate for clients who want to maintain a high level of cash and/or highly concentrated positions that will not be sold regardless of market conditions. If the client continues to hold high levels of cash/money market and/or highly concentrated positions, and the client does so against MIN's recommendation and with the understanding that the value of those securities will be included for the purposes of calculating the Program fee, resulting in a higher fee to MIN. Clients may hold excess cash or concentrated positions in a brokerage account without incurring the Advisory Program fee. If the account continues to be outside of the cash and concentration guidelines over a specified period of time, then the account will be subject to removal from the Program.

### **Inactive Accounts**

Aviator, Co-Pilot and Partner - TPC program accounts are reviewed on a quarterly basis for trading inactivity for accounts that have been in the Program for over 12 months. If the clients' accounts have had zero trades for the trailing 12 months, their IAR will be notified of the inactivity and if the account does not have trading activity by the end of the next quarter review, the account will be subject to conversion to a brokerage account due to the continued inactivity. The reinvestment of dividends and capital gains are not considered trades for this purpose.

### **Mutual Fund Investments available through MIN**

The Client should be aware that only those mutual fund companies with which MIN has a selling agreement will be available for purchase within the Program account, and are generally limited to those fund companies that provide MIN marketing service and support fees, which compensate MIN for marketing efforts to its Clients concerning the mutual funds, as well as for shareholder servicing activities (such as order-taking, responding to customer inquiries, providing confirms, statements, prospectuses and issuer communications) that the mutual funds otherwise would have to provide to customers themselves, and are revenues to MIN in addition to the advisory fee revenue The Firm receives from customers. These fees generally range from 0% to .31% (.0031) on MIN customer assets invested with those mutual fund companies, and in the aggregate are a material revenue source for MIN. As a result, not all mutual funds available to the investing public will be available for investment. However, MIN has selling agreements with over 300 fund companies.

The Client should be aware that mutual funds contain internal expenses which are apart from and in addition to Program account fees and which are described in the respective funds' prospectuses. Certain funds offered in the Program, while not having sales charges or having sales charges waived, assess distribution fees, such as those assessed pursuant to SEC Rule 12b-1 of the Investment Company Act of 1940, as amended ("12b-1 Fees") which are paid to MIN. To the extent that MIN receives 12b-1 shareholder servicing fees in any Managed Accounts, they will be rebated to Clients. The respective mutual fund prospectuses provide detailed information about such fees.

Eligibility for various share classes offered by mutual funds to be used as part of the Advisory Services Group ("ASG") Programs, is determined by the mutual fund company and disclosed in the fund's prospectus. Rule 12b-1 fees will be rebated to Client accounts as they are received. Use of a more costly share class will reduce the performance of a Client's account. Any recommendation to use a more costly share class when a lower cost share class of the same fund is available is a conflict of interest. The Firm mitigates this conflict in that advisors do not have an incentive to recommend or select share classes that have higher expense ratios because their compensation is not affected by the share class selected.

Shareholders considering transferring mutual fund shares to or from MIN should be aware that if The Firm from or to which the shares are to be transferred does not have a selling agreement with the fund company, the shareholder must either redeem the shares (potentially incurring a tax liability) or continue to maintain an investment account at the firm where the fund shares are currently being held. Clients should inquire as to the transferability, or "portability," of mutual fund shares prior to initiating such a transfer.

Upon termination of their Managed account, Clients will generally be permitted to continue holding the institutional class of the fund but will be unable to make additional investments.

#### **Mutual Funds Assessed / Subject to 12B-1 Fees or Sales Charges**

MIN will convert existing advisory fee-eligible mutual fund positions in the Aviator, Co-Pilot and Partner – TPC programs accounts to a specific mutual fund share class ("wrap recommended share class") in an effort to provide advisory Clients with lowest cost share class available through MIN. The firm will perform ongoing quarterly maintenance conversions to ensure the wrap recommended share class has been selected for the Client's account. These share class conversions are non-taxable events, and Clients' cost basis will carry over to the new wrap recommended share class.

#### **Passport Series SMA/Momentum Pathways UMA**

The Passport Series SMA and Momentum Pathways UMA are discretionary investment advisory Programs sponsored by HTS ("Sponsor") and made available to advisory Clients of MIN through a co-advisory agreement between HTS and MIN. The Passport Series and Momentum Pathways Program provides the Client access to a broad selection of Separately Managed Accounts ("SMAs") and Unified Managed Account strategies ("UMAs").

The Passport Series and Momentum Pathways Program are made available with Envestnet Asset Management, Inc. ("Envestnet"), a non-affiliate investment adviser registered under the Investment Advisers Act, through its web-based platform. As manager of the web-based platform, Envestnet has entered into a sub-management agreement with Investment Managers to manage various types of portfolios offered through the platform and to develop model portfolios and research that is made available to Sponsor, IARs and IAR clients. For certain Investment Managers, Envestnet has entered into a licensing agreement with the manager, whereby Envestnet performs administrative and/or trading duties pursuant to the direction of the sub-manager. In such situations the Investment Manager is acting in the role of "Model Provider." The Investment Managers are responsible for all investment selections made for the portfolios they create. It is up to the Client to select a third-party model portfolio. Unless Envestnet affirmatively cites the Investment Manager as "approved" as described below in Methods of Analysis section, Envestnet does not collect and report data on investment style and philosophy, past performance and personnel of Investment Managers.

IARs will collaborate with their Clients to complete a Statement of Investment Selection (SIS) which includes a Risk Tolerance Questionnaire. The purpose of the SIS is to establish an understanding between the Client, MIN and Envestnet Asset Management, Inc. regarding the investment objectives, goals, and guidelines for the Client's investment management account. IARs will work with their Clients to provide recommendations regarding the appropriate asset allocation and underlying strategies to meet their objectives. The clients are directing the investments and changes made to the Program portfolio and are ultimately responsible for the selection of the



appropriate asset allocation and underlying Investment Managers' strategies.

The **Passport Series SMA** Program is a discretionary Program where Clients are offered access to actively managed investment portfolios managed by Investment Managers. Unlike a mutual fund, where funds are commingled, a separately managed account is a portfolio of individually owned securities that can be tailored to fit the Clients investing preferences. IARs will work with the Client to complete a Statement of Investment Selection ("SIS") which includes a Risk Tolerance Questionnaire. The purpose of this statement is to establish an understanding between the client, MIN, and Envestnet regarding the investment objectives, goals, and guidelines for the investment management account. This will also assist the client with the selection of the Investment Manager(s). The Investment Managers who are selected for these Programs employ different methods of analysis that are described in each managers' Disclosure Brochure. The HTSPM strategies are available along with the other unaffiliated Investment Managers.

The Momentum Pathways UMA Program is a discretionary program that provides the Client with access to combine a broad selection of Investment Managers and fund strategists as well as including a Co-Pilot account sleeve over which the IAR has limited trading discretion in a single portfolio. Partner – TPC accounts is not eligible to be an investment sleeve in the UMA Program. The IAR will provide the Client with recommendations regarding the appropriate asset allocation and underlying investment vehicles or investment strategies to meet their Clients objectives, but the Client making the selection of the Investment Managers/fund strategists and changes made to the UMA portfolio and are ultimately responsible for the selection of the appropriate asset allocation and investment strategies. Envestnet provides overlay management services for UMA accounts and implements trade orders based on the directions of the investment strategies contained in the UMA portfolio. The Clients IAR will assist in creating a customized portfolio, providing recommendations regarding the asset allocation and underlying investment strategies. The Client shall select the asset allocation and the investment strategies.

The asset managers who are selected for this Program employ different methods of analysis that are described in each manager's Disclosure Brochure.

In addition, to the extent that other investment vehicles are utilized in the portfolio such as mutual funds or ETFs, the Client should read the offering documents (e.g., prospectus, offering memorandum, etc.) carefully to fully understand the various risks, investment objectives, expenses and other information about the company associated with the investment. The HTSPM strategies are available along with the other unaffiliated Investment Managers.

MIN reserves the right to remove any Investment Manager from the Passport Series and Momentum Pathways Programs without prior notice to the Client. Factors involved in MIN's decision to remove any Manager/Strategist include failure to adhere to a management style or the Client objectives, a material change in the adviser's professional staff, unexplained poor performance, dispersions of the account performance, or MIN's decision to no longer include the Manager/Strategist on the roster. MIN will determine whether any or all of these factors are material when deciding whether to recommend termination. The Client can elect to remove an Investment Manager from their account at any time.

Information MIN collects regarding any Investment Manager is believed to be reliable and accurate, but MIN does not necessarily independently review or verify it on all occasions. While performance results are generally reported to MIN, The firm does not audit or verify that these results are calculated on a uniform or consistent basis as provided to MIN.

MIN also provides the Client with monitoring and on demand reporting of portfolio performance on a periodic basis for their Passport Series and Momentum Pathways Program accounts. As described above, if the client, if the client selects the Tax Overlay Service within this Program, they will incur an additional cost. Additionally, as described above, if the client selects the Impact Overlay Service within this Program, they will incur an additional cost.

### **Passport Series and Momentum Pathways Fees**

These Programs charges an annual fee, out of which MIN pays for all portfolio management and administration, including Envestnet, Investment Manager Fees, and fees payable to the Sponsor and IARs as well as costs for transaction execution, clearing, custody and reporting. Additional fees may be charged by MIN for certain administrative actions such as wire transfers. The sub-manager's fee will generally fall within a range of 0.15% to 0.75% (annual rate) of assets under management. The fee payable to MIN, as the Sponsor, will generally fall within a range of 0.10% to 0.38% (annual rate) of assets under management. The program fee will not be adjusted

if the manager trades away from MIN.

Where applicable, MIN also pays the IAR (or if applicable Co-Adviser) a portion of the fee for providing advisory services to Clients introduced to the Programs by the IAR or Co-Adviser. The amount retained is typically the amount remaining after the deduction of fees payable to individual portfolio managers and fees payable to HTS for clearing, program administration and sponsorships. The fee payable to the IAR or Co-Adviser will generally fall within a range of 0.50% to 1.75% (annual rate) of assets under management. The level of fee will vary with the amount of assets under advisement in the Programs and the particular investment styles and investment options chosen or recommended. Clients could receive comparable services from other sources for fees that are lower or higher than those charged by MIN.

The maximum fee schedule for the Passport Series and Momentum Pathways Program services is set forth below and is negotiable in individual cases:

<b>Total Account Value</b>	<b>Maximum Annualized Fee for Equity/Balanced SMA Portfolios</b>	<b>Maximum Annualized Fee for Fixed Income SMA Portfolios</b>
First \$ 250,000	2.90 – 3.00%	1.55 – 1.65%
Next \$ 250,000	2.40 – 2.50%	1.40 – 1.50%
Next \$ 500,000	2.15 – 2.25%	1.25 – 1.35%
Next \$ 4,000,000	1.90 – 2.00%	1.05 – 1.15%
Over \$ 5,000,000	1.75 – 1.85%	0.90 – 1.00%

\* The total fee actually charged to Clients' accounts will vary depending upon the selection of sub-managers and allocation of total portfolio assets thereto, the total amount of portfolio assets in the Program and other factors.

#### **Additions and Withdrawals from a Passport Series or Momentum Pathways Account**

If the Client makes any deposit or withdrawal of \$10,000 or more during a fee period, the Client will be debited or credited a pro-rated fee on the market value of the assets deposited or withdrawn. The pro-rated amount will be due and charged to the account on the date the Client deposits the additional assets, or the Client will receive a pro-rated adjustment of refund of any prepaid fee.

#### **Hilltop Securities Portfolio Management (HTSPM)**

##### **Types of Services Provided by Hilltop Securities, Inc. as Portfolio Manager**

In addition to offering advisory services through our Wrap Fee program described above, HTS sponsors certain separately managed accounts (SMA) offered through Hilltop Securities Portfolio Management (HTSPM). HTSPM is proprietary investment advisory service operating under Hilltop Securities, Inc., a registered investment adviser and registered broker dealer. HTSPM provides discretionary investment advisory services and offers several fixed income strategies available in the Passport Series SMA and Momentum Pathways UMA Programs (Program) to individuals, high net worth individuals, families, trusts, estates, corporate and non-corporate entities, retirement plans, pension plans, profit-sharing plans, and government entities. HTSPM strategies may also be available to non-affiliated Correspondent firms who have access through the Envestnet Platform. The availability of the strategies for their firms is at the sole discretion of the Correspondent firm for their IAR and Client use.

HTSPM acts as Sub-Advisor to HTS and MIN registered Investment Adviser Representatives (IAR), where the IAR selects one or more of HTSPM's fixed income strategies for their client's program account based on the Statement of Investment Selection (SIS). HTS relies on such strategy selection by the client's IAR, and the information captured in the SIS.

HTSPM will begin providing investment advisory services to clients upon the creation of the Program Account, completion of the SIS as accepted by HTS and Envestnet Asset Management, in accordance with the fixed income strategy selected, and any applicable restrictions of the Client. Our investment advisory services may be terminated by either party in accordance with any applicable contractual notice provision.

##### **Minimum Investment**

The minimum initial investment for an account managed by HTSPM is \$125,000, which may be waived at HTS/MIN and HTSPM's sole discretion.

### **Level of Service Offered by HTSPM**

HTSPM manages its investment advisory accounts in accordance with HTS fixed income strategies. HTSPM permits the Client to identify reasonable restrictions on the Client's Program account. However, such restrictions may have a significant impact on the timing of Client's strategy implementation, yield, diversification, and account performance. MIN and HTSPM, may decline all or some of the Client's restrictions.

### **HTSPM Fees and Compensation**

HTSPM receives a management fee based on a percentage of assets under management for providing investment advisory services to the accounts in the Program. HTSPM does not charge performance-based fees on Program Accounts. These HTSPM fees will be detailed and incorporated on the Client's SIS and included in the Annual Fee that the Client is charged by MIN.

### **Other Compensation**

HTSPM does not charge commissions, markups, or mark-downs to the Client's participating in the Program.

### **HTSPM Methods of Analysis**

HTSPM makes available several fixed income strategies in the Passport Series SMA and Momentum Pathways UMA Programs that primarily invest in tax-free municipal bonds. HTSPM considers many factors in analyzing and constructing fixed income portfolios. These include, but are not limited to maturity, coupon, ratings, sector, duration, callability, yield, spread to various benchmarks, and liquidity.

### **HTSPM Short Municipal Ladder**

The investment objective is to generate tax-efficient income consistent with low principal volatility through investment in short maturity fixed income securities. The strategy invests primarily in tax-exempt municipal bonds with a maximum maturity of 5 years with an objective of approximately equal maturity amounts each year. Under certain circumstances the strategy will also permit customization of certain portfolio parameters (maturity, minimum ratings, geographic concentration, or avoidance) at client request.

The Client may choose to opt into the Optional Tax-Aware Management Strategy, which incorporates the use of taxable securities (treasuries, agencies, and taxable municipal bonds) to maximize after-tax yield based on client federal and state tax brackets.

There will be two versions of the HTSPM Short Municipal Ladder Strategy: National and California.

### **HTSPM Short-Intermediate Municipal Ladder**

The investment objective is to generate tax-efficient income consistent with low principal volatility through investment in short to intermediate fixed income securities. The strategy invests primarily in tax-exempt municipal bonds with a maximum maturity of 10 years with an objective of approximately equal maturity amounts each year. Under certain circumstances the strategy will also permit customization of certain portfolio parameters (maturity, minimum ratings, geographic concentration, or avoidance) at client request.

The Client may choose to opt into the Optional Tax-Aware Management Strategy, which incorporates the use of taxable securities (treasuries, agencies, and taxable municipal bonds) to maximize after-tax yield based on client federal and state tax brackets.

There will be two versions of the HTSPM Short-Intermediate Municipal Ladder Strategy: National and California.

### **HTSPM Intermediate Municipal Ladder**

The investment objective is to maximize tax-efficient income consistent with limited principal through investment in intermediate fixed income securities. The strategy invests primarily in tax-exempt municipal bonds with a maximum maturity of 17 years with an objective of approximately equal maturity amounts spread across the investment horizon. Under certain circumstances the strategy will also permit customization of certain portfolio parameters (maturity, minimum ratings, geographic concentration, or avoidance) at client request.

The Client may choose to opt into the Optional Tax-Aware Management Strategy, which incorporates the use of taxable securities (treasuries, agencies, and taxable municipal bonds) to maximize after-tax yield based on client federal and state tax brackets.

There will be two versions of the HTSPM Intermediate Municipal Ladder Strategy: National and California.

### **HTSPM Full Curve Municipal Ladder**

The investment objective is to maximize tax-efficient income through investment in fixed income securities across the entire maturity spectrum. The strategy invests primarily in tax-exempt municipal bonds with a maximum maturity of 30 years, an objective of approximately equal maturity amounts spread across the investment horizon. Under certain circumstances the strategy will also permit customization of certain portfolio parameters (maturity, minimum ratings, geographic concentration, or avoidance) at client request.

The Client may choose to opt into the Optional Tax-Aware Management Strategy, which incorporates the use of taxable securities (treasuries, agencies, and taxable municipal bonds) to maximize after-tax yield based on client federal and state tax brackets.

There will be two versions of the HTSPM Full Curve Municipal Ladder Strategy: National and California.

### **HTSPM Flexible Maturity Strategy**

The investment objective is to establish a high-quality municipal bond strategy for Clients who have a flexible maturity profile. HTSPM will not impose maturity structure onto account within the strategy. HTSPM will consult with the IAR and the Client to create maturity parameters. The strategy will remain consistent with the HTSPM Municipal Ladders Strategies, which emphasize high credit quality and disciplined risk management through strong multifactor diversification. The agreed upon custom maturity parameters will be documented in the HTSPM Account Customization form.

Before an Investment Manager is made available for the Passport Series/Momentum Pathways/Gateway FSP Program, general research is conducted by HTS to determine eligibility. This includes, among other things, assets under management, inception date of Strategy, manager tenure, investment style and performance factors. HTS also reviews investment philosophy and process, trading practices, fundamental and quantitative statistics of the Strategy. In some cases, HTS may also conduct interviews with portfolio managers, principals, and key staff members.

HTS conducts an annual review of all strategies available. This review is based on applicable information gathered from various sources that include, but are not limited to, disclosure documents, performance, assets under management and other applicable criteria. As a result of these reviews, HTS can request that Envestnet take corrective action to address such concerns. From time to time, these reviews may result in the removal of a manager/strategist being available to HTS Clients.

Neither HTSPM, HTS, nor their IARs provide tax or legal advice. Each Client's tax or financial situation is different, and the Client is advised to consult with their tax or legal advisor for advice and information specific to their individual situation.

### **HTSPM Portfolio Risks**

**Fixed Income Securities Risks:** Portfolios will invest in a variety of fixed income securities. Fixed income securities are subject to a number of risks including credit risk, interest rate risk, and liquidity risk.

Credit risk is the risk the issuer or guarantor of a debt security will be unable or unwilling to make timely payments of interest or principal or to otherwise honor its obligations.

- Interest rate risk is the risk of losses due to changes in interest rates. In general, the prices of debt securities rise when interest rates fall, and the prices fall when interest rates rise.
- Liquidity risk is the risk that a particular security may be difficult to purchase or sell and that an investor may be unable to sell illiquid securities at an advantageous time or price.

Duration measures the change in the price of a fixed income security based on the increase or decrease in overall interest rates. Bonds with higher duration generally carry more risks and have higher price volatility than bonds with lower duration. Therefore, if interest rates are low at the time of purchase of the bonds, when interest rates eventually do rise, the price of such lower interest rate bonds will decrease, and anyone needing to sell such bonds at that time, rather than holding them to maturity, could realize a loss. It should be noted that HTSPM does not explicitly forecast interest rates.

Municipal bonds may also have a call feature, entitling the issuer to redeem the bond prior to maturity. A callable security's duration, or sensitivity to interest rate changes, decreases when rates fall and increases when rates rise because issuers are likely to call the bond only if the rates are low. Investors in callable bonds are therefore subject to reinvestment risk – that is, the risk that they will need to reinvest their proceeds at lower rates.

Municipal bonds are also subject to state-specific risks, such as changes in the issuing state's credit rating, as well as the risk that legislative changes may affect the tax status of such bonds.

**Tax-Exempt Securities Risks:** Portfolios may also invest in tax-exempt municipal bonds. In order to pay interest that is exempt from federal or state and local income tax, tax-exempt securities must meet certain legal requirements. Failure to meet such requirements may cause the interest received and distributed to bond holders to be taxable. In addition, income from one or more municipal bonds held in a Portfolio could be declared taxable because of unfavorable changes in tax or other laws, adverse interpretations by the Internal Revenue Service (IRS), state, or other tax authorities, or noncompliant conduct of a bond issuer. Changes or proposed changes in federal or state income tax or other laws may also cause the prices of tax-exempt securities to fall. Finally, income from certain municipal bonds may be subject to the alternative minimum tax (AMT) and/or state and local taxes, based on the investor's state of residence.

**Municipal Securities Risks:** Municipal issuers may be adversely affected by rising health care costs, increasing unfunded pension liabilities, and by the phasing out of federal programs providing financial support. Unfavorable conditions and developments relating to projects financed with municipal securities can result in lower revenues to issuers of municipal securities. Issuers often depend on revenues from these projects to make principal and interest payments. The value of municipal securities can also be adversely affected by changes in the financial condition of one or more individual municipal issuers or insurers of municipal issuers, regulatory and political developments, tax law changes or other legislative actions (as discussed under Tax-Exempt Securities Risk above), and by uncertainties and public perceptions concerning these and other factors. In recent periods, an increasing number of municipal issuers in the United States have defaulted on obligations and commenced insolvency proceedings. Financial difficulties of municipal issuers may continue or get worse.

The potential tax benefits of a tax free or tax deferred investment are eliminated if the investment is made in a qualified plan, such as a 401(k) or IRA.

#### **Investing Side by Side with Clients**

HTSPM Portfolio Managers and its support personnel are not permitted to trade in the same fixed income securities as those the firm manages for investment advisory clients in the Program.

#### **Brokerage Practices & Best Execution Factors in Brokerage Selection**

HTSPM has the authority to select brokers for the execution of transactions in customer accounts in accordance with our obligation to seek "best execution" (i.e., seeking the most favorable overall price and execution under the circumstances existing at the time of the transaction). HTSPM selects brokers based on both quantitative and qualitative factors, firm size, underwriting activity and inventory/trading considerations – as well as any other factors deemed appropriate.

Transactions with brokers are also subject to periodic random sampling for review, to confirm that HTSPM is receiving services that are competitive and consistent with other transactions in the market.

HTSPM has discretion to select broker-dealers to execute trades for client accounts. However, HTSPM will not transact securities transactions with Hilltop Securities, Inc. or its affiliate, Momentum Independent Network, Inc.

#### **Best Execution**

In placing orders for the purchase and sale of securities and directing brokerage to affect these transactions, HTSPM's primary objective is to seek prompt execution of orders at the most favorable prices reasonably obtainable. HTSPM's participation in the Passport Series and Momentum Pathways Programs have discretion and will direct trades to be executed by broker-dealers other than HTS. In some instances, these trades are executed by the other firms without any additional commission or markup or markdown, but in other instances, the executing firm imposes a commission or a markup on the trade. For certain trades in a client's account with a broker-dealer where the broker-dealer imposes a commission or equivalent fee on the trade (including a commission embedded in the price of the investment), the client will incur trading costs in addition to the Advisory Fee. HTSPM is a party to the trades and may be in a position to negotiate the price or transaction-related cost(s) with the broker, dealer or

bank selected by HTSPM for these trades. A Client's trade order so executed is then cleared and settled through HTS.

In seeking best execution, HTSPM is not obligated to choose the broker-dealer offering the lowest available price in all instances if, in our reasonable judgment, (i) we believe the total costs or proceeds from the transaction might be less favorable than could be obtained elsewhere or (ii) other considerations, such as the order size, the time required for execution, the depth and breadth of the market for the security, minimum credit quality requirements to transact business with a particular broker-dealer, or the quality of the broker-dealers back office or other considerations support our decision to use a different broker-dealer.

Securities transactions in Client accounts participating in the HTS Programs are generally affected on a "net" basis (i.e., without commissions), and a portion of the fee is generally paid for advisory services provided. Clients will generally pay an asset-based fee for the brokerage/custody/clearing services provided by HTS as the broker/custodian (as opposed to transaction-based fees such as commissions), and those fees are generally included in the Program Fee for a Client.

**Research and Soft Dollar Arrangements:**

HTSPM does not utilize soft dollar arrangements. Therefore, HTSPM does not have an incentive to select or recommend a broker-dealer based on our interest in receiving research services or other soft dollar arrangements.

**Directed Brokerage:**

HTSPM has discretion to select broker-dealers to execute trades for clients' accounts. However, HTSPM does not permit Investment Advisory Clients to direct securities transactions to particular brokers or dealers. If we select a broker-dealer to execute a trade, the Client will typically be responsible for any execution costs charged by that other broker-dealer in addition to the wrap fee paid to HTS.

HTSPM manages client portfolios as a fiduciary on a fully discretionary basis on behalf of its clients. As a fiduciary, HTSPM owes each client a duty of loyalty and care with respect to client transactions.

**Trading and Allocation**

As a fiduciary to each Client, HTSPM owes each Client the same duty of loyalty. Consistent with this duty, HTSPM does not give one Client or a group of Clients preference over others. This is particularly true when HTSPM trades the same security for several Client accounts.

HTSPM has developed appropriate, predetermined allocation procedures so as to minimize the risk that any particular Client would be systematically advantaged or disadvantaged by the aggregation or allocation of orders and to promote fairness and equity for all Clients.

HTSPM portfolio managers have the responsibility of implementing all investment decisions in a manner most advantageous to Clients. Technological and operational systems assist in making the execution process more efficient. Each investment decision and the resulting securities transactions must be treated as a dynamic and unique occurrence.

Where HTSPM has full discretion, fixed income trades are executed on a net basis. Bids and offers are gathered from competing firms and are executed when the levels offered are in-line with HTSPM's expectations.

**Aggregation of the Purchases and/or Sale of Securities for Program Assets:**

HTSPM will often aggregate accounts into block trades, both purchases and sales, in order to gain more advantageous pricing for Clients and to ensure a consistent execution process across portfolios. In order to ensure transactions are fair, equitable and allocated without preference, HTSPM uses functionality within its portfolio management software to prioritize and allocate securities. This functionality utilizes both quantitative and qualitative factors, the most common of which are: maturity, coupon, callability status and date, ratings, state of domicile of both the security and the account(s), duration, sector, percent of uninvested cash available in the account, age of uninvested cash in the account, and degree to which a trade moves an account towards greater conformity with portfolio strategy parameters. The goal of this approach is to ensure that all clients are treated fairly and equitably.

**Purchase Allocation Procedures:**

HTSPM allocates across client portfolios by prioritizing based on multiple factors including maturity, coupon, rating, call factors, state of domicile of the security and the account, duration, sector, percent of uninvested cash in each account, the age of uninvested cash in each account, and the degree to which a trade moves an account towards greater conformity with management strategy Parameters.

In most cases, trades are allocated on a pro-rata basis. In certain circumstances, the Portfolio Manager may choose to allocate securities on other portfolio level factors. In those cases, the Portfolio Manager will document the reasoning for allocating on a different basis and will retain documentation of the rationale for the trade within the portfolio management software.

**Selling Allocation Procedures for All HTSPM Strategies:**

Most sales are account-specific and are related to client liquidity needs within a particular account. In cases where accounts are aggregated into a block sale, the accounts will be chosen in advance and the block will generally be sold in its entirety. In rare instances, there may be a partial sale of a block resulting in some portion of securities not being sold. In those cases, the preferred allocation method will be a pro rata allocation. In some instances, there may be adjustments made to that pro rata allocation, including account(s) that were included in the block due to specified liquidity needs, the size remaining in an account after the trade which will impact liquidity of the remaining position, and other factors. In some cases, the portfolio manager may choose to allocate based on other portfolio-level factors, taking into account the rationale for the trade, amount of cash in the portfolio(s) pre- and post-trade, and which accounts will be moved towards greater conformity with strategy guidelines. In all cases, when a trade is allocated on anything other than a pro rata basis, the rationale and supporting documentation will be retained.

**Pre-Allocated Trades:**

In certain trades, a portfolio manager may create a block order for bonds that may get only partially filled. In those cases, accounts will not receive the full allocation desired. The resulting smaller allocation will usually be done using the following methods: 1) pro rata allocations, with possible adjustments due to minimum block sizes and other considerations or 2) re-running the allocation process based on one of the allocation rules that prioritizes accounts according to need. The portfolio manager will retain documentation about which method and allocation rules were used.

**Trade Errors**

HTSPM has a fiduciary obligation to handle portfolio management and trading decisions in an accurate manner. In the event of a trade error, HTSPM will make all reasonable efforts to promptly correct the trade error. This may include canceling the trade, adjusting an allocation, and reimbursing the account.

**HTSPM Review of Accounts**

Periodic Review of Client Accounts: Client accounts are reviewed periodically in several ways. On a monthly basis, all accounts are screened in order to determine conformity with strategy and account-specific guidelines. On an annual basis, each account is reviewed more formally to confirm account guidelines, review drift from strategy targets and determine what steps, if any, are needed to mitigate.

**Custody**

All Client Program assets will be custodied with Hilltop Securities, Inc. as qualified custodian.

**Investment Discretion**

HTSPM manages fixed income Separately Managed Accounts (SMAs) on a discretionary basis for retail clients. The portfolios consist primarily of tax-exempt municipal bonds, but also may include US Treasury, Agency, and taxable municipal bonds. HTSPM manages the client portfolio in accordance with the strategy and objectives of the selected product, subject to any specific customization requested by the advisor.

**Voting Client Securities**

HTSPM does not vote or submit proxies for client accounts.

## **Conflicts of Interest**

As a diversified, full-service financial services firm that engages in a wide array of activities including investment advisory services, investment management activities, investment banking, and other activities, Clients should be aware that there will be occasions when Hilltop Securities encounters potential and actual conflicts of interest in connection with its investment management services. We have adopted internal policies and procedures reasonably designed to identify and address these types of conflicts to the fullest extent possible.

Since HTSPM is a proprietary investment advisory service sponsored by Hilltop Securities, Inc., we have a conflict of interest when MIN IARs recommend HTSPM versus a nonaffiliated third-party manager. Any Product Fee received by HTSPM is attributable to HTS and its profitability, which can impact the compensation of HTS employees. Moreover, our IARs may develop close personal relationships with employees and associated persons of HTSPM and, as a result, may be inclined to recommend HTSPM over a third-party manager. To mitigate this conflict, MIN does not additionally pay our IARs on the basis of recommendations of HTSPM or other affiliated products. To further mitigate this conflict, the fee charged to Clients utilizing and HTSPM strategy in the Program will be similar or the same as like third party managers, (i.e., Product Fees to utilize the services and/or Portfolios of HTSPM is comparable to Product Fees associated with third party managers).

On occasion, HTSPM strategies may invest clients in bonds where HTS acted as an underwriter in the initial bond offering. In those instances, HTSPM strategies are prohibited from purchasing bonds in the primary market and only allowed to purchase in the secondary market in an agency capacity with no additional mark-up or commission.

## **Gateway FSP – Fund Strategist Portfolios**

The Gateway Fund Strategist Portfolios (“FSP”) Program is an investment advisory Program sponsored by HTS (“Sponsor”) and made available to advisory Clients of MIN through a co-advisory agreement between HTS and MIN. The Gateway FSP will provide adviser’s access to investment strategists to construct distinct portfolio solutions to help meet the ever-increasing demands of today’s investors. They typically comprise a set of mutual funds and/or exchange-traded funds (“ETFs”). Gateway FSP solutions espouse various approaches to portfolio construction and asset allocation, whereas most Gateway FSP portfolios employ a long-term, strategic asset allocation approach, others take a dynamic or tactical approach and actively shift allocations in order to take advantage of short-term market movements (these approaches are referred to below as the “Strategy” or “Strategies”). The IAR will assist the client in selecting one or more FSPs from a roster based on the client’s financial situation, investment objectives and risk tolerance. MIN also provides monitoring and reporting of portfolio performance on a periodic basis.

IARs will work with their Clients to complete a Statement of Investment Selection (SIS) which includes a Risk Tolerance Questionnaire. The purpose of the SIS is to establish an understanding between the Client, MIN and Envestnet Asset Management, Inc. regarding the investment objectives, goals, and guidelines for the Client’s investment management account IARs will work with their Clients to provide recommendations regarding the appropriate asset allocation and underlying strategies to meet their objectives. The clients are directing the investments and changes made to the Program portfolio and are ultimately responsible for the selection of the appropriate asset allocation and underlying Fund Strategist Portfolios.

For each model portfolio, the FSP determines the Strategy, including the underlying mutual funds or ETF’s to be used for each Strategy, the allocation of assets to each “fund,” and the investment advisory firms (“Money Managers”) responsible for managing the assets of each “fund.” The FSP will make changes to their underlying Strategies; and periodically can change the Money Managers for the portfolio and/or the allocation of assets of the “funds” to the various Money Managers. At MIN’s discretion, the firm will implement the changes proposed by the FSP.

Fund-selected Investment Managers are terminated or replaced by the FSP generally due to changes in senior investment personnel and/or a deviation from the desired investment discipline. Such changes to fund investments are made without prior notice to the Client.

MIN reserves the right to remove any FSP from the Gateway – FSP Program without prior notice to the Client. Factors involved in the decision to remove an FSP include but are not limited to failure to adhere to a management style or the Client objectives, a material change in the adviser’s professional staff, unexplained poor performance,



dispersions of account performance, or the firm's decision to no longer include the FSP on the roster. MIN will determine whether any or all of these factors are material when deciding whether to recommend termination. The Client can elect to remove an FSP from their account at any time. As described above, the client may select the Tax Overlay Service within this program which will incur an additional cost to the client.

Information collected regarding any FSP, mutual funds, or ETFs is believed to be reliable and accurate, but the firm does not, independently review or verify the data on all occasions. While performance results are generally reported to MIN, the firm does not audit or verify that these results are calculated on a uniform or consistent basis.

#### **Passport Series/Momentum Pathways/Gateway FSP - Methods of Analysis**

MIN relies on Envestnet for analysis, information, asset allocation strategies and the identification, selection and monitoring of Investment Managers. Envestnet is responsible for the selection of Investment Managers offered on the Passport Series/Momentum Pathways/Gateway - FSP platforms. Envestnet seeks Investment Managers with a variety of investment strategies available. Some strategies are considered high-risk strategies and are not intended for all clients. Clients who choose to follow high-risk strategies should know that there is a possibility of significant loss. Please review Envestnet's and the Investment Managers Form ADV Part 2A for more information about its advisory business.

Investment Managers offered by Envestnet are considered "Approved" or "Available," depending on the level of due diligence performed. "Approved Investment Managers" are evaluated using data and information from several sources, including independent databases. Among the types of information analyzed are historical performance and volatility; qualitative factors such as the Approved Investment Manager; investment vehicle's reputation and approach to investing. Envestnet also reviews the Investment Managers Form ADV Part 2A and portfolio holding reports. To ensure accuracy, Envestnet attempts to verify all information by comparing it to publicly available sources.

In addition to Approved Investment Managers, Envestnet also makes available certain Investment Managers for which Envestnet has not performed due diligence. These Sub-Managers are categorized as "Available Sub-Managers" and Envestnet makes no recommendations concerning Available Sub-Managers. The clients IAR will recommend and perform their own research on sub-managers and investment vehicles that it believes are most appropriate for the client's individual circumstances.

Envestnet uses a quantitative process that measures risk and return measures for each portfolio versus its investment style peers via a ranking methodology. This ranking methodology is updated each quarter for all Investment Managers separate account managers and strategists. The result of this review can result in the risk score being changed to a higher or lower risk. Envestnet will notify MIN each quarter of these reviews. The client and their adviser should review this information, and in certain cases where the risk score materially changes, updated paperwork may be required.

Before an Investment Manager is made available for the Passport Series/Momentum Pathways/Gateway FSP program, general research is conducted by MIN to determine eligibility. This includes, among other things, assets under management, inception date of strategy, manager tenure, investment style and performance factors. MIN also reviews investment philosophy and process, trading practices, fundamental and quantitative statistics of the strategy. In some cases, MIN may also conduct interviews with Investment Managers, principals, and key staff members.

MIN conducts an annual review of Envestnet and managers/strategists. This review is based on applicable information gathered from various sources that include, but are not limited to, disclosure documents, performance, assets under management and other applicable criteria. As a result of these reviews, MIN can request that Envestnet take corrective action to address such concerns. From time to time, these reviews can also result in the removal of a manager/strategist being available to MIN clients.

For additional information, please refer to the Investment Managers and/or Envestnet Asset Management's disclosure brochures.

## Gateway FSP Fees

Fees for the Gateway - FSP program are offered on a wrap fee basis, covering execution, consulting, and custodial service as well as fees for services for each Investment Manager/Third Party Strategist. Additional fees may be charged by MIN for certain administrative action such as wire transfers. The maximum Gateway fee schedule, shown in the table below, is based on total account value ("Account Value") and is negotiable. The fee schedule is not applied incrementally; the corresponding rate is applied to the entire Account Value for the purpose of determining the fee rate. The fees do not cover the fees and expenses of any underlying investments used by the appointed Investment Manager. The fee is calculated using the market value of the account on the last day of the preceding quarter. The fee is applied to the account each calendar quarter, on a pro-rated quarterly basis and is billed in advance.

MIN compensates FSPs from 0.15% to .60% annually based on total aggregate client dollars with each FSP. In some cases, the FSP are compensated directly from the operating expenses of the underlying proprietary funds that are used in the portfolios. These managers/strategists are not compensated directly from MIN. MIN has a conflict of interest to recommend selections of management styles and advisers that would result in a lower percentage of advisory fees paid to MIN. The firm intends, however, to make all recommendations independent of such fee consideration and based solely on our obligations to consider the clients objectives and needs.

The fees are calculated using the market value of the account on the last day of the preceding quarter. The fee is applied to the account each calendar quarter, on a pro-rated quarterly basis and is billed in advance. A portion of any fees received by MIN will be paid to the IAR. MIN can keep between 0 to 100% of the fee and pay the remaining portion to the IAR as agreed upon with each IAR. This amount will vary depending on a number of factors including negotiated agreements, assets under management or other factors as determined by MIN.

The fee schedule shown in the tables below, are based on Account Value and are negotiable. The fee schedule for Gateway FSP is not applied incrementally; the corresponding rate is applied to the entire Account Value in determining the fee. The fees do not cover the fees and expenses of any underlying ETFs, closed-end funds, mutual funds, UITs or exchange traded notes ("ETNs") or fees for ancillary services such as wire transfers, returned checks, etc. nor does it cover all applicable exchange fees or option reporting fees. Program fees will not be adjusted for no or low trading.

The maximum fee schedule for the Gateway - FSP program services is set forth below, but is negotiable in individual cases:

Total Account Value	Maximum Annualized Fee		
	ETF/Equity/Balanced Portfolios	Fixed Income Portfolios	Mutual Funds
Up to \$249,999	3.00%	1.65%	1.75%
\$250,000 – \$499,999	2.50%	1.50%	1.50%
\$500,000 – \$999,999	2.00%	1.35%	1.25%
\$1,000,000 and up	1.85%	1.15%	1.10%

## Additions and Withdrawals from a Gateway

### Account

If the client makes any deposit or withdrawal of \$10,000 or more during a fee period, the client will be debited or credited a pro-rated fee on the market value of the assets deposited or withdrawn. The pro-rated amount will be due and charged to the account on the date the client deposits the additional assets, or the client will receive a pro-rated adjustment of refund of any prepaid fee.

### Compass UMA Program

The Compass UMA Program ("Compass UMA Program") is a non-discretionary program sponsored by HTS (sponsor) that provides the client access to several risk-based asset allocation models. The clients IAR will provide recommendations regarding the appropriate asset allocation and underlying investments of mutual funds and ETFs to meet the objectives, but the client is making the final selection of the investment allocation model and underlying funds and changes made to the Compass UMA Program portfolio and are ultimately responsible for the selection of the appropriate risk-based asset allocation model and underlying investment funds. Envestnet provides overlay management services for UMA accounts and implements trade orders based on the semi-annual or annual

rebalance discipline as well as transactions directed by the Client and their IAR. The Client's IAR will assist the Client in completing the SIS; create the asset allocation portfolio; and provide the client with recommendations regarding the risk-based asset allocation and underlying investments. The client shall select the asset allocation and the investment strategies. The client should read the offering documents (e.g., prospectus, offering memorandum, etc.) carefully to fully understand the various risks, investment objectives, expenses and other information about the mutual funds and ETFs that the client has selected.

### **Compass UMA Program - Methods of Analysis**

HTS maintains a list of mutual funds and ETFs eligible to participate in the Compass UMA Program.

The client's IAR will research and recommend funds from an eligible funds list for the client account based on the stated risk tolerance, risk-based asset allocation model selected and investment objectives. Each adviser has a different philosophy or criteria in the review and selection of investment products.

Periodically the list is reviewed by HTS and funds are removed or new funds are added as deemed appropriate. The IARs of MIN are notified of the status change and the reason for any change is made available to them. For mutual funds that are no longer open to new and/or additional investments, Clients that maintain a position are permitted to continue to do so as deemed appropriate by the IARs of MIN.

MIN makes available several Compass UMA risk-based asset allocation models that the client and their IAR will choose from. The IAR will work with the client to determine a model, the underlying funds and select either the required semiannual or annual rebalancing.

### **The Rebalancing Process**

The client will have the option to either have the account rebalanced semiannually or annually. Envestnet will review all Compass UMA Program accounts based on the client's selection of semiannual or annual rebalancing at inception of the account and identify accounts that have not been rebalanced based on the rebalance selection at inception of the account. The review is based on the inception date of the account. If an account has been determined to have any position outside of the drift tolerance set by MIN the account will be rebalanced. If an account has no positions outside of the drift tolerance no trades will be made and the rebalance clock will be reset. Trades will be done to maintain the client's target asset allocation among the mutual funds and/or ETFs. The client's affirmative consent is not required to implement these changes. Rebalancing will be accomplished by selling the shares of the over-weighted fund(s) and purchasing a corresponding dollar amount of the appropriate underweighted fund(s).

Adviser and client are free to direct a rebalance as they choose, but the account will be automatically reviewed and rebalanced at least on a semiannual or annual basis as selected by the client. When the account is rebalanced, the calendar is reset with a new semiannual or annual review now established. MIN reserves the right to change the drift tolerance as the model portfolios/accounts are reviewed for activity.

A rebalance of the account will also take place when the Client directs MIN to raise cash for a withdrawal or the client makes a deposit to the account that results in the cash balance being low or high. All deposits made to the account will be deemed eligible for immediate investment and the client will be responsible for any losses that arise from a deposit in error.

Envestnet as the overlay trading manager will be taking discretion when placing the trades directed by the client and their adviser as well as the while rebalancing the account either semi-annually or annually.

### **Fund Changes**

Changes to the mutual funds and/or ETFs utilized for investment within the client's Compass UMA Program account require the client's prior consent. All such change requests received by Envestnet prior to 12:00 pm CST will be processed the same day on a best effort's basis. Requests received by Envestnet after 12:00 pm CST will be processed by 12:00 pm CST the following trading day. Rebalancing or fund changes may result in tax consequences to the account holder including, but not limited to, the realization of capital gains, and/or losses regarding the sale of fund shares.

## Compass UMA Program Fees

Fees for the Compass UMA Program are offered on a wrap fee basis, covering all of MIN's execution, consulting, and custodial services. The maximum Compass UMA Program fee schedule, shown in the table below, is based on total account value and is negotiable. The fee schedule is not applied incrementally; the corresponding rate is applied to the entire account value for the purpose of determining the fee rate. The fees do not cover the fees and expenses of any underlying ETFs or mutual funds. The fee is calculated using the market value of the account on the last day of the preceding quarter. The fee is charged to the account each calendar quarter, on a pro-rated quarterly basis and is billed in advance. The client's Program fee will not be adjusted for no or low trading activity.

### Maximum Annualized Fee Schedule

<i>Maximum Fee Schedule for Compass UMA Program</i>	
<i>Amount</i>	<i>Maximum Annual Fee</i>
\$0 - \$250,000	3.00%
\$250,000 - \$500,000	2.50%
\$500,000 - \$1,000,000	2.25%
\$1,000,000 - \$4,000,000	2.00%
Over \$4,000,000	1.85%

The client agrees and acknowledges that other fees may be assessed to the client that are not part of the Program fee. Other fees include, but are not limited to, fees for portfolio transactions executed away from the Sponsor, dealer mark-ups, electronic fund and wire transfer fees, market maker spreads, exchange fees and broker/custodian fees.

The client is further advised that mutual funds/ETFs charge their own fees for investing the pool of assets in the investment vehicle and such fees are apart from, and in addition to, the Program fee charged hereunder. Please see the prospectus or related disclosure document for information regarding those fees. The client acknowledges and understands that MIN and/or its affiliates may receive 12b-1 fees or other fees from the mutual funds in which the client invests.

The client can request to have two or more eligible advisory accounts be treated as related accounts for purposes of taking their assets into consideration in order to calculate the Program fee. This means that all eligible assets in those accounts will be considered together when determining breakpoints, if applicable, in the fee schedule. Relating advisory accounts can provide the opportunity for fee reductions at certain breakpoints.

### Additions and Withdrawals from a Compass UMA Account

If the client makes any deposit or withdrawal of \$10,000 or more of cash and/or securities during a fee period, the client will be debited or credited a pro-rated fee on the market value of the assets deposited or withdrawn. The pro-rated amount will be due and charged to the account on the date the client deposits the additional assets, or the client will receive a pro-rated adjustment or refund of any applicable prepaid fee as of the date of withdrawal.

## Endeavor Program

HTS as sponsor of the Endeavor Program has entered into a strategic alliance with Envestnet PMC and BlackRock to create several risk-based investment models for use in the Endeavor Program.

### Endeavor Foundations and Flagship Portfolios

The Endeavor Foundations and Flagship Portfolios provide Clients access to discretionary model portfolios created and managed by Envestnet PMC (PMC) portfolios sub-advised by Envestnet Portfolio Solutions, Inc. (EPS). The minimum investment to establish a Foundations account is \$2,000, \$10,000 for Flagship with a maximum of \$25,000 or as accepted. EPS provides discretionary investment advisory services under which EPS selects mutual fund investments for the Client. These investments consist of a series of third-party index mutual funds as well as one or more actively managed funds from the Envestnet PMC Fund family or the ActivePassive ETFs. EPS periodically monitors Client portfolios and makes changes in both the asset allocations as well as specific investment selections when deemed appropriate.

Based upon on the Client's financial needs, risk tolerances, and investment objectives, their IAR assists them in selecting the appropriate model portfolio. While the Client retains the ultimate decision-making authority over all of their accounts participating in the Endeavor Foundations and Flagship Portfolios, HTS generally expects to

implement all asset allocation and/or fund changes applicable to one or multiple model portfolios as recommended by Envestnet PMC. In the selection of an Endeavor Foundations or Flagship Model Portfolio, the Client's IAR will provide all investment advice to you relating to the Endeavor Foundations or Flagship Model Portfolios. Envestnet PMC communicates periodic updates to HTS as changes occur to the model portfolios. Model portfolio recommendations provided by Envestnet PMC to HTS are not based on the circumstances of or otherwise tailored to any individual client. Envestnet PMC as will be responsible for placing all trades in a Program account on a discretionary basis. This includes all trades at inception of the Account, Model Allocations changes as directed by Envestnet PMC, any deposit of funds to the account or any Client request to raise cash for a distribution.

The Envestnet mutual funds and ActivePassive ETFs constitute a proprietary series of funds of Envestnet. As the investment advisor to the funds, Envestnet receives a management fee based on assets invested in the funds that comprise the Foundations and Flagship Model Portfolios. The management fee is based on the applicable fee for each fund. It is important to note that Envestnet is not compensated under the sub advisory agreement or as part of the advisory fee assessed by HTS to the Client's account.

The target allocation for each of the model portfolios applies at the time a Client establishes a Foundations or Flagship Model Portfolio account within the Program. Additions to and withdrawals from an account are generally invested based on the target allocation. However, fluctuations in the market value of securities and other factors can affect the actual asset allocation at any given time.

Advisory fees charged for the management of Client accounts are in addition to annual management fees, operating expenses and distribution fees assessed by Envestnet PMC funds. Clients should refer to the fund's prospectus for additional information relating to the expenses of the funds.

HTS as sponsor of the Foundations and Flagship Model Portfolios, HTS does not offer or recommend the full spectrum of Envestnet PMC models that may be available through firms that sponsor programs similar to the Endeavor Foundations and Flagship Model Portfolios offered through MIN. Clients may obtain a list of current model strategies and the applicable target allocations may be requested from their IAR. Additionally, a Client may request information regarding Envestnet PMC or unaffiliated fund's portfolio manager(s), investment objectives, risks, charges and expenses and other details is available in the specific fund's prospectus, which may be obtained from their IAR.

HTS's receipt of investment research, models and/or technology from Envestnet PMC creates a conflict of interest for HTS and/or MIN because the receipt of these benefits reduces HTS and/or MINs operating costs, which, in turn creates an incentive for HTS and/or MIN to recommend and/or use Envestnet PMC funds and the ActivePassive ETFs products in the investment management of Client accounts.

### **Endeavor Hilltop Model Portfolios**

The Endeavor Hilltop Model Portfolios provide Clients access to discretionary model portfolios created and managed by BlackRock and Envestnet PMC within the Endeavor Program. The minimum investment to establish an account is \$25,000 or as accepted. BlackRock and Envestnet PMC collaborate to develop the model portfolio asset allocation and select the underlying BlackRock, iShare, and Envestnet PMC funds populating each model portfolio, and thereafter communicates periodic updates to HTS as changes occur to the model portfolios.

Based on the Client's financial needs, risk tolerances, and investment objectives, their IAR assists them in selecting the appropriate model portfolio. While the Client retains the ultimate decision-making authority over all of their accounts participating in the Hilltop Model Portfolios, HTS generally expects to implement all asset allocation and/or fund changes applicable to one or multiple model portfolios as recommended by BlackRock and Envestnet PMC. In the selection of a Hilltop Model Portfolio the Client's IAR will provide all investment advice to you relating to the Hilltop Model Portfolios. BlackRock/Envestnet PMC communicates periodic updates to HTS as changes occur to the model portfolios. Model portfolio recommendations provided by BlackRock/Envestnet PMC to HTS are not based on the circumstances of or otherwise tailored to any individual client. Envestnet PMC as overlay manager will be responsible for placing all trades in a Program account on a discretionary basis. This includes all trades at inception of the Account, Model Allocations changes as directed by BlackRock and Envestnet PMC, any deposit of funds to the account or any Client request to raise cash for a distribution.

The BlackRock ETFs and iShare ETFs are a proprietary series of ETFs of BlackRock. As the investment advisor to the funds, BlackRock receives a management fee based on assets invested in the funds that comprise the Hilltop

Model Portfolios, This management fee is based on the applicable fee for each fund. It is important to note that BlackRock is not compensated under the sub advisory agreement or as part of the advisory fee assessed by MIN to the Client's account.

The ActivePassive ETFs are a proprietary series of ETFs of Envestnet As the investment advisor to the ActivePassive ETFs, Envestnet receives a management fee based on assets invested in the ActivePassive ETFs that comprise the Hilltop Model Portfolios, The management fee is based on the applicable fee for each fund. It is important to note that Envestnet is not compensated under the sub advisory agreement or as part of the advisory fee assessed by MIN to the Client's account.

The target allocation for each of the model portfolios applies at the time a Client establishes a Hilltop Model Portfolio account within the Program. Additions to and withdrawals from an account are generally invested based on the target allocation. However, fluctuations in the market value of securities and as well as other factors can affect the actual asset allocation at any given time.

Advisory fees charged for the management of Client accounts are in addition to annual management fees, operating expenses and distribution fees assessed by BlackRock, iShare, and Envestnet PMC funds. Clients should refer to the fund's prospectus for additional information relating to the expenses of the funds.

HTS as sponsor of the Hilltop Model Portfolios, HTS does not offer or recommend the full spectrum of BlackRock and/or Envestnet PMC models that may be available through firms that sponsor programs similar to the Hilltop Model Portfolios offered through MIN. Clients may obtain a list of current model strategies and the applicable target allocations may be requested from their IAR. Additionally, a Client may request information regarding BlackRock, Envestnet PMC or unaffiliated fund's portfolio manager(s), investment objectives, risks, charges and expenses and other details is available in the specific fund's prospectus, which may be obtained from their IAR.

HTS's receipt of investment research, models and/or technology from BlackRock and Envestnet PMC creates a conflict of interest for HTS and/or MIN because the receipt of these benefits reduces HTS and or MINs operating costs, which, in turn creates an incentive for HTS and/or MIN to recommend and/or use BlackRock ETFs, iShare ETFs and Envestnet PMC ETFs products in the investment management of Client accounts.

In the Endeavor Program IARs will collaborate with their Client to complete a Statement of Investment Selection (SIS) which includes a Risk Tolerance Questionnaire. The purpose of the SIS is to establish an understanding between the Client, HTS and Envestnet Asset Management, Inc. regarding the investment objectives, goals, and guidelines for the Client's investment management account. IARs will work their Clients to provide recommendations regarding the appropriate asset allocation and underlying strategies to meet the Client's objectives. The Clients are directing the investment model selections and changes made to a Program model and ultimately responsible for the selection of the appropriate asset allocation and underlying model portfolio.

#### **Endeavor ActivePassive Program Fees**

Fees for the Endeavor Program are offered on a wrap fee basis, covering all of MIN's execution, consulting and custodial services. The maximum Endeavor Program fee schedule, shown in the table below, is based on the total account value and is negotiable. The fee schedule is not applied incrementally; the corresponding rate is applied to the entire total account value in the determination of the fee. The fee does not cover the fees and expenses of any underlying exchange traded funds ("ETFs") or mutual funds. The fee is calculated using the market value of the account on the last day of the preceding quarter. The fee is applied to the account each calendar quarter, on a pro-rated quarterly basis, and is billed in advance. The Clients' Program fee will not be adjusted for no or low trading activity.

Account Value	Maximum Fee
Up to \$249,999	1.75%
250,000 - 499,999.99	1.50%
500,000 - 999,999.99	1.25%
1,000,000+	1.00%

The Client agrees and acknowledges that other fees may be assessed to the Client that are not part of the Program fee. Other fees include, but are not limited to, fees for portfolio transactions executed away from the Sponsor, dealer mark-ups, electronic fund and wire transfer fees, market maker spreads, exchange fees and broker/custodian fees. The Client is further advised that mutual funds/ETFs charge their own fees for investing the pool of assets in the investment vehicle and such fees are apart from, and in addition to, the Program fee charged hereunder.

Please see the prospectus or related disclosure document for information regarding those fees. Client acknowledges and understands that MIN and/or its affiliates may receive 12b-1 fees or other fees from the mutual funds in which Client invests.

If the Client should make any single deposit or any single withdrawal of \$10,000 or more of cash and/or securities, they will be debited or credited a pro-rated fee on the market value of the assets. The pro-rated amount will be due and charged to their account as of the date they deposit the additional assets, or the Client will receive a pro-rated adjustment or refund of any prepaid fee as of the date of the withdrawal.

### **Methods of Analysis**

**Foundations and Flagship Models:** Envestnet provides Advisers with a variety of portfolio construction methods utilizing analytics module to blend a solution that meets Client requirements. Envestnet uses the capital markets assumptions “CMS” construction process of Black-Litterman and inverse optimization methods to estimate the expected returns for asset classes when constructing Envestnet’s proprietary strategies and in assisting the Adviser with asset allocation and portfolio construction. The underlying CMA process results in the construction of optimized diversified portfolios across a wide set of risk tolerances and preferences that can be employed by the Clients IAR.

**Hilltop Model Portfolios:** BlackRock and Envestnet PMC use a quantitative and qualitative process that is implemented periodically during the year to decide how to rebalance the portfolio. A variety of indicators, including valuations, momentum, and rotation of style factors, are taken into consideration for the guidance of asset allocation decisions. Macroeconomic tendencies, global news and current market conditions are also considered. BlackRock and Envestnet PMC reserve the right to modify the target allocation of each model portfolio based on changes to its capital markets outlook.

### **Explorer Program – Fund Strategist Portfolios**

The Explorer Program offers limited access to certain MIN approved turn-key Third-Party Asset Manager Programs (TAM). This will provide the client with access to professional third-party asset managers that are outside the scope of the ASG platform. The Explorer Program offers the client access to a variety of model portfolios with varying levels of risk from which to choose. These program accounts are not managed by MIN; instead, they are managed by one or more third-party portfolio managers on a discretionary basis, and they consist of a variety of different security types, including stocks, bonds, mutual funds, and derivatives. Account minimums for the Explorer program generally range between \$25,000 and \$50,000.

MIN is not the sponsor of the program, MIN is the “sub-adviser.” The client IAR’s portfolio management supervisory services with respect to the clients’ program account(s) involve monitoring the accounts performance, investment selection, and continued suitability for the client’s portfolio and related advice. The IAR also helps to determine the client’s investment objectives and risk tolerance to help choose a TAM that meets the investment objectives. Again, MIN and the clients IAR do not have the ability to effect transactions or make specific investment recommendations to the account(s) managed by a TAM.

There will be conflicts of interest when recommending one TAM over another. MIN and the IAR receive compensation when they refer the client to the TAM, which is usually a percentage of the advisory fee assessed to the client by the TAM. The amount of compensation received by the firm and the IAR from a particular TAM could be higher than the compensation received from another TAM. As a result, the IAR may have a financial incentive to recommend one TAM over another. There may be other suitable TAMs that cost less. It is important to note that TAMs available through the Explorer Program share a portion of fees charged by such TAMs directly to the client, including specifically the expense ratio assessed to the client by the TAM or its affiliates.

In certain instances, clients will have lower advisory fees for TAM accounts as compared to the ASG Platform; however, in addition to an asset-based advisory fee, a client can incur brokerage commissions, mark-ups and mark-downs, transaction charges and other fees, including “ticket charges,” related to the purchase and sale of stocks, bonds and other securities in TAM accounts. Neither MIN nor its Advisers received any of those fees. In other instances, the advisory fees for the TAM on the ASG Platform may be lower than the TAM Platform.

The fees charged by TAMs who offer their programs directly to the client may be more or less than the combined fees charged by the TAM and MIN for participation in the investment programs. The fees charged by the TAM may also be more or less than those of the third-party managers made available on the ASG platform and the

clients IAR may have a financial incentive to offer one program over another.

The client will typically enter into an agreement directly with the TAM, which will outline, among other things, fees, and the trading of the account. Please refer to the relevant form ADV, Part 2A and 2B of each TAM for a more detailed explanation of each of the different investment advisory programs offered through MIN. Although MIN periodically researches, selects, and reviews the TAM, MIN makes no guarantees that the client's financial goals or objectives will be achieved. Nor does MIN guarantee performance.

MIN currently has an agreement with the following TAM: SEI

The TAM is responsible for managing the account and will conduct reviews. MIN and the clients IAR will monitor the trading activity and the performance of the TAM.

### **Explorer Program Fees**

Fees for the Explorer Program may be negotiated but generally range from 0.50% to 3.00%, depending on the TAM program selected, the size of the account and the services provided. Under some programs, an inclusive fee covers account management, brokerage, clearing, custody, and administrative services. In other programs, the account may be charged separately for these services. The amount of the fees, the services provided, the payments structure, termination provisions, account minimums, and other aspects of each program are detailed and disclosed in the unaffiliated third-party money manager's disclosure document and account opening documents and/or agreements. MIN and the clients IAR share in the advisory fee.

TAMs select the brokerage and custody relationships in their respective programs. In addition to the program fees, based upon the investments selected, clients may incur certain charges imposed by third parties in connection with the investments made through Explorer accounts. These include, but are not limited to, the following: mutual fund or money market 12b-1 and sub-transfer agency fees, mutual fund networking fees, mutual fund or money market management fees and administrative expenses, certain deferred sales charges on previously purchased mutual fund shares transferred into an Explorer account, other transaction charges and service fees, and other charges permitted or required by law. MIN, nor the clients Adviser receive a portion of these fees.

Maximum Annualized Fee Schedule:

<b>Total Account Value</b>	<b>ETF/Equity/Balanced Portfolios</b>	<b>Fixed Income Portfolios</b>	<b>Mutual Fund Portfolios</b>
\$0 - \$249,999	3.00%	1.65%	1.75%
\$250,000 - 499,999	2.50%	1.50%	1.50%
\$500,000 - 999,999	2.00%	1.35%	1.25%
\$1,000,000 and up	1.85%	1.15%	1.10%

### **Destination Fee-Based Annuity Program**

The Destination Fee-Based Annuity Program is a non-discretionary investment advisory program. The program enables the client to receive ongoing investment advice and related services, including custody, and transaction reporting in connection with their variable or index annuity for an asset-based fee ("Platform Fee"). Participation in the Destination Fee-Based Annuity Program may cost the client more or less than purchasing these services separately.

MIN offers the Destination Fee-based Annuity Program through Envestnet Asset Management, Inc. ("Platform Manager"), an unaffiliated registered investment adviser that operates a technology platform. Investment advisory services for the Destination Program will be provided to the client by MIN and the clients IAR.

To participate in the Destination Fee-Based Annuity Program, the client will complete and sign an annuity contract from the selected insurance carrier, the Statement of Insurance Selection (SIS) and the MIN Client Suitability Agreement to establish the Annuity contract.

Generally, the client will pay a Program fee based on the accumulated value of the Contract assets. The Contract is the only investment in the Destination Fee-Based Annuity Program. No other securities allowed to be purchased or otherwise held within the Destination Fee-Based Annuity Program. Review the Destination Program chart below and the MIN Destination Fee-Based Annuity Program Annuity Client Suitability Agreement for more information about the contract assets.



The investment options available for assets held in the selected annuity contract are referred to as sub-accounts. The client also has the option of investing a portion of those assets into a fixed sub-account.

As a shareholder of portfolio(s) invested in a sub-account, the client will pay their proportionate share of the portfolio's underlying expenses, which may include advisory fees and other operating expenses.

### **Destination Fee-Based Annuity Program Overview**

The Destination Fee-Based Annuity Program is designed to provide the client with ongoing investment management and advice for the sub-account investment options of a fee-based variable or index annuity. In some cases, annuities have additional riders available for purchase. IARs will monitor market conditions and the performance of the annuity's sub-accounts and/or market linked indexes and discuss with the client. The account will be required to have an annual re-balance or more frequent as needed after discussion between the client and their Adviser. If the client's risk tolerance changes, updates should be made to the risk tolerance selection made for the annuity. In some cases, Insurance carriers will, depending upon market conditions, modify the risk exposure of the annuity's sub-accounts which can result in a change to the risk profile of the annuity. The client should carefully review the prospectus for the selected annuity to understand the conditions under which a change to the risk profile will occur and discuss any questions they have with their IAR.

### **What is a Variable Annuity**

A tax deferred variable annuity will allow the client and their IAR to determine how assets are invested by choosing from a large selection of investments available from the annuity carrier called sub-accounts. These sub-accounts can be made up of a wide variety of investments. As the value of these investments fluctuates based on the volatility of the markets, so will the contract value.

Variable annuities have greater growth potential but can also lose money. The wide range of investment options with different risk and growth potential can provide additional flexibility in structuring an investment plan for retirement savings.

### **What is an Index Annuity**

An index annuity is a tax deferred, long-term savings option that provides principal protection in a down market and opportunity for growth. It gives the client more growth potential than a traditional fixed annuity, but with less risk and less potential return than a variable annuity.

Returns in an index annuity are based on the performance on an underlying index, such as the S&P 500. Participation rates of the underlying index will vary by contract.

### **What is a Structured Annuity**

Structured annuities can also be referred to as registered index-linked annuities, variable-indexed annuities, indexed-variable annuities, or buffered annuities. This is essentially a blend of a variable and fixed indexed annuity.

Depending on the Insurance Carrier, it may offer more market upside than a fixed indexed annuity.

Structured annuities offer multiple different crediting strategies that let the client choose the balance between growth potential and downside protection. The client's IAR can help narrow these choices down and select a strategy that will help the client reach their individual retirement and legacy goals.

As each crediting period expires, the client has the ability to reallocate to a new type of crediting strategy for a new term. This flexibility allows the client to meet changing financial objectives over the life of the structured annuity.

The IAR must be licensed to sell variable insurance products in their client's state of residence before presenting the Destination Fee-Based Annuity Program to a client or prospective client. The IAR is required to maintain their license and state registration throughout the life of the account.

Annuities are considered long-term, tax-deferred investments designed for retirement, involve investment risks, and may lose value. Earnings are taxable as ordinary income when distributed. Individuals are subject to a 10% additional tax penalty for withdrawals before age 59 ½ unless an exception to the tax penalty is met.

The Annuity Accounts are monitored by the IAR at least annually to ensure that the portfolio remains aligned with the client's selected model and their Client Risk Profile, as stated in the SIS. All investment decisions are made and implemented by the client and their IAR. The client's account statements will be sent quarterly by the insurance carrier.

## Services

The Destination Fee-Based Annuity Program is a non-discretionary investment advisory program that gives the client access to several variable and index annuity contracts offerings from different insurance carriers. The clients IAR will help develop an asset allocation strategy, select from the sub-accounts or fixed account(s) available from the annuity carrier, and determine how much of the clients premium to allocate into each of the sub-account(s) and/or the fixed account with the contract. The IAR may use a variety of methods and resources to develop a recommended asset allocation strategy.

Due to changing market conditions, the asset allocation among the sub-accounts within the clients Contract may change or deviate from its original allocation. Considering this, the IAR may recommend that the client participate in the automatic asset rebalancing program, which is an option available in most the offerings. If the client does not choose to participate in the asset rebalancing program, their IAR will recommend that the client rebalance or reallocate the sub-accounts and the fixed account assets. It is solely the client's decision to implement any rebalancing or reallocation recommendations provided by their IAR. The client may also contact their IAR to rebalance or reallocate the sub-accounts and the Fixed Account assets.

Where permitted by applicable law and business need, the clients insurance carrier reserves the right to make certain changes to the structure and operation of the contract. These changes include, among others, the right to:

- Remove, combine, or add new sub-accounts at its sole discretion.
- Substitute shares of one portfolio for another, which may have differences including different fees, expenses, objectives, and risks.
- Restrict or prohibit additional allocations, and/or payments to sub-accounts. Review the annuity prospectus for more information about these changes.

### **Program Account Reviews and Reports**

The Insurance Carrier will provide custodial statements, and trade confirmations for products purchased through the Destination Fee-Based Annuity Program. The client should review these documents upon receipt and promptly notify their IAR of any discrepancies. Additional information regarding these documents is below.

### **Account Statements**

The insurance carrier will send the client statements at least quarterly. These statements contain information including, but not limited to, the accumulated value of the contract, the current market value of each sub-account invested in, the amount contained within the fixed sub-account and transaction activity for the previous quarter period.

### **Trade Confirmations**

The insurance carrier will send the client confirmation of each purchase or surrender transaction effected in the contract and/or any other transaction for which it is obligated to send the client confirmation.

### **Destination Fee-Based Annuity Methods of Analysis**

The clients IAR will use a variety of methods and resources to develop a suggested asset allocation strategy for the Program sub-accounts and fixed account assets in the clients Fee-Based Annuity contract.

The clients IAR will research and recommend the sub-accounts from the eligible funds the carrier makes available for their account based on the stated risk tolerance and investment objectives. Each adviser has a different philosophy or criteria in the review and selection of investment products.

### **Fees and Compensation**

Fees and charges differ when a variable annuity is purchased in a traditional brokerage account rather than an advisory program like Destination Fee-Based Annuity Program. Generally, variable annuities that are available for purchase in an advisory account have lower surrender charges than similar variable annuities from the same issuing insurance carrier when the product is purchased in a traditional brokerage account. The difference in surrender charges is largely attributable to the portion of the surrender charge that the issuing insurance carrier would use to pay selling commission to registered representatives in a traditional brokerage relationship. The fee for any optional death benefit riders and/or living benefit riders is generally the same whether the variable annuity is purchased in an advisory account or a traditional brokerage account; selling compensation is not paid to MIN nor IARs if the client selects an optional benefit rider.

Clients that participate in the program will be charged a quarterly program fee for each Destination Fee-Based Annuity Program contract not to exceed the fee rate from the fee schedule below:

Destination Fee-Based Annuity Program Fee Schedule

Portfolio Value	Maximum Annual Fee
Any Billable Account Value	1.50%

The Program fee will vary among clients and may be negotiable under certain circumstances. Factors typically considered to determine the Client Program Fee include:

- The managed account Program(s) the client have selected.
- The amount of assets in the Contract.
- The personal financial needs, objectives, and complexity of the client's financial situation.
- The level of anticipated or actual trading within the Sub-accounts.
- The experience level and credentials of the IAR.

#### **Calculation of Program Fees**

The Program fee is based on the accumulated value of the contract assets as of the last business day of the end of the quarter and in accordance with the Client Agreement.

The Program fee is not deducted from the annuity Program account, but instead it is deducted from a payment account opened at MIN. The payment account is a separate brokerage or ASG account that is linked to the Destination Fee-Based Annuity Program account for the payment of the Program fee.

In addition to the Program fee, the client pays the insurance company the internal expenses for the selected annuity product as disclosed in the annuity's prospectus. Internal expenses for annuity products are borne by all customers that own the annuity and are in addition to the Destination Fee-Based Annuity Program fee the client pays. They are paid directly from the assets in the annuity product as outlined in the products' prospectus and cannot be paid from a payment account.

#### **Allocation of the Program Fee**

A portion of the clients Program Fee is paid to MIN, their IAR and the Platform Manager for their services. The amount of the fees paid to the clients IAR and/or MIN depends upon the Program Fee that the client negotiates with their IAR and the amount of the fee payable to the IAR pursuant to the MIN compensation policies.

Is the Destination Fee-Based Annuity Program right for the Client

The IAR and/or MIN may recommend to the client one or more Programs. The decision to select one or more managed account Programs is up to the client. A discussion between the client and their IAR, among other things, should include the following to determine if the recommended Program is appropriate:

- The cost, potential benefits, and potential risks of the Destination Fee-Based Annuity Program.
- The client's investment objectives and sophistication of the investment strategy
- The types of and number of investments the client holds and intends to make, including the percentage of the overall portfolio that the client intends to hold in the fixed sub-account.
- The client's desire for diversification across sub-account(s).
- The client's anticipated use of other services and features specific to the Destination Fee-Based Annuity Program.
- The payment preference of an asset-based fee for ongoing investment advice and other related services compared to a commission-based variable annuity.

At any time, a contract can vary greatly in the size, number and diversity of the sub-accounts held, due to, among other things, market conditions and the current investment needs and objectives. Generally, it is recommended that the client diversify their holdings to help reduce the portfolio's overall market risk.

Investment diversification does not ensure a profit or protect against loss. If the client intends to hold a concentrated portfolio, including a concentrated position in the Fixed Account, for an extended period of time, the client should consider other contract options (i.e., investing in a commissioned based variable annuity) that may be

more economically advantageous.

The IAR receives training related to the product offerings in the Destination Fee-Based Annuity Program. Training includes, but not limited to, the client's needs and suitability of product, expected trading, fee type preference, and desire for ongoing investment advice.

### **Account Requirements and Types of Clients**

MIN, as a registered investment advisor, provides investment advisory services to individuals, trusts, estates, nonprofit organizations, corporations, and other business entities.

The minimum initial investment amount for the Destination Fee-Based Annuity Program is \$25,000. Margin accounts are not eligible within this Program.

If the client decides to establish an account in the Destination Fee-Based Annuity Program, they will sign a Client Suitability Agreement, which will govern their participation in the Program, the insurance carrier's annuity contract, and the Platform Managers Statement of Insurance Selection.

### **Sub-account Selection and Evaluation**

The IAR have access to a variety of methods and resources to develop a recommended asset allocation strategy for the sub-accounts and fixed account assets within their annuity contract.

### **Risks**

Investing involves risks and there is no guarantee that the sub-accounts selected will achieve the client's stated objectives. Certain sub account options may present more risk than others due to the nature and/or complexity of the strategy.

While fixed income portfolios have historically been considered a more conservative investment in comparison to equity portfolios, it is an investment with associated risks that should be considered before investing. A fixed income investor should not expect to experience higher levels of income or yield without assuming some or all of the potential risks associated with the underlying fixed income investments. There are various risks associated with fixed income investing, some of the primary risks include credit risk, duration risk, and interest rate risk. Review the annuity prospectus for the sub-account options, which contains more complete information on the investment objectives, risks, charges, and expenses of the portfolio, which investors should read and consider before investing.

The potential tax benefits of tax free or tax deferred investments are eliminated if the investment is made in a qualified plan, such as a 401(k) or IRA.

### **Voting Client Securities**

MIN, the clients IAR and the Platform Manager do not vote proxies, nor will they advise the client regarding the voting of the proxies, corporate action or other materials regarding the shares held in their sub-account(s). Review the annuity prospectus for more information about voting privileges and delivery of proxy materials, reports and other materials relating to the sub-accounts.

### **Review of Accounts**

MIN periodically reviews sub-account allocation for the Destination Fee-Based Annuity Program. Reviews may include, but not limited to:

- Certain types of transaction activity or inactivity.
- Sub-account options relative to the client's financial status, investment objectives, and risk tolerance. Depending on the results of the review, MIN may take certain actions, up to and including the termination of the Program services. As a participating client in the Destination Fee-Based Annuity Program, the client will periodically receive reports from the Insurance Carrier. These include quarterly statements, transaction confirmations. The client should review these and report any suspected discrepancies immediately to their IAR.

### **Selecting Annuity Riders and Features**

Riders are optional enhancements that are available on the client's annuity contract at an additional cost. They allow the IAR to tailor their contract and provide additional protection of the client's investment. Riders may not be available on all products in the Destination Fee-Based Annuity Program.

## **Living Benefits**

Living benefit riders provide guaranteed lifetime income for the client (and their spouse, when elected).

- Can provide guaranteed increases, or roll-ups to the clients benefit base, for their future income.
- Offer consistent lifetime payouts that are based on the age when the client begins to take income, or on their younger spouses age, if elected.

## **Death Benefits**

Death benefits allow the client to pass assets to beneficiaries while potentially avoiding the time-consuming and costly probate process. Death benefits may be used to:

- Continue payments or a lump sum to a designated beneficiary.
- Pay for the owner's final costs (such as funeral, burial or estate planning).

Annuity contracts (not specific to death benefits) generally waive surrender charges due to terminal illness or injury.

Most products offer a standard death benefit – often the return of premium. In some cases, there may be an additional fee for this death benefit.

Some annuities offer optional death benefits that let the client lock in the highest contract value (annually or monthly) or a set rate of interest, even if they pass away when performance is down. There are also annuities that offer a spousal protection feature on death benefits.

It is important to note that these riders, in some cases, do have additional costs. The client should make sure to discuss the benefits of these riders as well as the costs with their IAR. Additional information about these riders and the costs can be found in the Annuity prospectus.

## **MIN Program Eligible/Ineligible Assets and Non-Billable Assets in the Advisory Programs**

This Section describes MIN's general policies regarding eligible and ineligible assets in the firms Advisory Programs.

Specifically, the program permits the Client to hold, but not to purchase, certain assets deemed ineligible in the Programs including but not limited to the following:

- B share class and C share class mutual funds and other classes deemed ineligible
- Open-end mutual funds not approved for the Program
- UITs not approved for the Program
- ETFs and closed-end funds not approved for the Program
- Structured products not approved for the Program
- Alternative investments not approved for the Program

While these assets are permitted to be held in Program Accounts, they will need to be coded as unsupervised. The assets are excluded from the calculations of the Client Program Fees due to the additional compensation that MIN receives in connection with those investments. These unsupervised assets will not be included when determining the minimum account opening requirement, and they may not be included in the performance reports for the Clients Program account.

MIN reserves the right to determine the eligibility of assets in the Program and to discontinue the inclusion of any security for any reason in a Client's Program account at any time and without advance notice. Any such addition or deletion may also result in a change in the Program fees.

## **Investment strategies; Eligible and Ineligible Assets**

MIN employs a variety of investment strategies in connection with the firms wrap fee and other investment advisory services, depending upon:

- The type of Client involved
- The Program chosen
- The objective and risk tolerance selected by the Client

Some of these strategies involve the use of asset allocation models, long-term and short-term investments. MIN uses discretion in some cases to expand the offerings in the Programs to include multiple style accounts and investment strategies that include, but not limited to:

- The purchase and sale of mutual funds
- Common and Preferred Stocks
- Fixed Income Securities
- ETFs/ETNs
- Non-Daily Traded Alternative investment vehicles
- Margin and short sales
- Option strategies

MIN will have discretion to impose special suitability and investment requirements with respect to these portfolios.

**Aviator/Co-Pilot/Partner – TPC Eligible Assets and Ineligible Assets**

MIN requires that the client hold and purchase only eligible assets in their Aviator, Co-Pilot and Partner – TPC accounts. Generally, with respect to the Programs, the Client and their IRA have the ability to purchase and sell a broad array of different securities including, but not limited to, any of the following eligible assets:

- Common and Preferred shares
- Government, Corporate and Municipal Bonds (agency transactions only) – Investment Grade only in certain retirement plan accounts
- Approved eligible Option strategies
- American Depositary Receipts
- Closed-end funds
- Open-end mutual funds which in some cases include several share classes including Institutional, Advisory and other non 12b- 1 fee paying share classes. In limited cases, some mutual funds may pay 12b-1 fees.
- Select no-load mutual funds
- Eligible wrap CUSIP UITs
- Eligible ETFs/ETNs
- Public REITs
- Approved Publicly Registered Non-Traded REITs
- Approved eligible Alternative Investments – Co-Pilot Program only
- Approved Eligible Structured Products - Co-Pilot program only
- Certain Commodities/Futures based Securities Products

**The following products/strategies may not be eligible (“Ineligible Assets”) for MIN Advisory programs:**

- Syndicate Issues/Initial Public Offerings/Brokered CDs
- Short Positions - unless approved
- Solicitation of Low-Priced Securities
- Non-publicly traded securities/Private Placements
- Non-networked mutual funds Share classes of mutual funds that pay 12b-1 fees or have CDSC charges unless approved
- Auction Rate Securities – Individual issues
- Leveraged and Inverse ETFs and ETNs. This also includes any derivative thereof, including, but not limited to, options, swaps or futures contracts on these inverse/leveraged ETFs/ETNs.
- Crypto Exchange Traded Products

- Day Trading
- Alternative Investment funds that do not offer an Advisory or Institutional Share class.
- Listed or OTC index warrants
- Commodities and futures (in certain programs) Non-Daily traded alternative investments – brokerage share classes

The list above describes the products which are usually (but not always) eligible or ineligible in MIN Programs. The list can change at any time at the firm's discretion. Eligibility of investments can vary by program and strategy type. The client should contact their IAR for the list of eligible investments in their specific program.

MIN advisory programs do not offer the ability to conduct principal trades. As such, in these accounts, the client is not permitted to purchase or sell securities that trade only on a principal basis. Currently, the client has access to principal execution in their advisory account only for tax loss sales transactions in worthless securities in all Programs.

### **Hilltop Holdings (HTH) Stock**

Subject to the exception described below, MIN Advisory Programs do not offer HTH stock or HTH securities. MIN does not allow Program Accounts to be funded by depositing HTH stock.

MIN has discretion to allow SMA and UMA Managers in the Passport Series and Momentum Pathway Programs who are not affiliated with MIN to purchase HTH securities for the clients' Accounts (this is limited to the common stock of HTH).

### **Alternative Investments**

Alternative investments, including hedge funds, private markets (real estate funds, private credit, private equity, and interval funds) differ from traditional investment types and give investors access to additional sources of investment return. Alternative investments are generally less liquid than traditional investments, may require a longer investment period, are subject to increased volatility and risk of investment loss. Therefore, alternative investments are not appropriate for all investors.

Alternative investments are restricted to a percentage of the client's total investable assets, based on the client's risk tolerance. Investor qualification requirements also must be met in the case of private placement offerings.

Alternative investment funds are limited to the advisory share class/cusip strategies made available through the MIN approved third party investment platform (IAR approval and Client qualification policies and procedures apply).

For the selection of alternative investments for the Co-Pilot Program accounts (i.e., hedge funds and certain private market funds), MIN has partnered with a third-party and has established an initial and ongoing due diligence process. The process is designed to help ensure any alternative investments approved for investment allocations or strategies made available for the Programs have been properly researched and are suitable and consistent with the Client's Investment Profile. This process includes, but is not limited to, an initial review of third-party reports, offering documents and marketing materials, an evaluation of the investment philosophy, process and performance, the general business practice and financials, regulatory compliance and disclosure documents, risk management and strategic planning. The ongoing due diligence process includes, among other things, quarterly information updates and interviews as necessary, and a review of performance and regulatory reporting.

### **Certain Alternative Investment Arrangements and Compensation**

It is imperative that clients work with their IAR to evaluate how a specific alternative investment and its features fits their individual needs, risk tolerance and investment objectives. An important component of this selection process includes carefully reading the accompanying offering documents and/or prospectus prior to making an investment decision. The offering documents contain critical information and risk considerations that will assist clients in making informed investment choices.

It is important to note that the fees and expenses related to alternative investments are often higher than those of more traditional investments. While each investment differs in terms of both total fees and expenses and how those fees and expenses are calculated, the following generally discusses the primary categories of fees and expenses that are common to many alternative investments and the different ways that MIN and the IAR may be compensated.

## **Management Fees**

The manager for any particular investment often charges a management fee that is based on the total value of the investment. As the value of the investment increases, the total management fees the manager receives will increase. Conversely, as the value of the investment decreases, the total management fees the manager receives may decrease.

## **Incentive-Based Compensation**

Many alternative managers receive incentive-based compensation in addition to management fees. Incentive-Based fees typically involve the manager retaining a percentage of profits generated for clients. Fees related to incentive compensation are often referred to as incentive, performance-based fees or carried interest. The exact calculation of incentive fees or carried interest differs by product and manager.

## **Upfront or Ongoing Servicing Fees or Placement Fees**

Many alternative investments have upfront costs directly related to compensating an IAR and/or MIN, generally based on the total amount of the investment, up to 5%. Ongoing servicing fees can be as high as 4% of the total value of the investment.

## **Redemption Fees**

Some investments have direct or indirect costs related to liquidating a position, particularly if an investment is liquidated shortly after being purchased or if it is specifically designed to provide limited or no liquidity to investors.

## **Other Expenses**

Alternative investment strategies will be accessed through a variety of legal structures, including mutual funds, limited partnerships, and limited liability companies. In certain structures, particularly for new offerings, investors will incur organization and offering expenses that are related to the creation of the legal structure and marketing of the product. These costs ultimately serve to decrease the amount of the client's investment. Investors also incur other expenses based on the investment activity of the fund. For example, in a Real Estate fund, investors may be charged fees related to the acquisition of property. In a hedge fund that shorts stock, there are costs associated with establishing and maintaining the short position. Lastly, investors in alternative investments generally bear the cost of certain ongoing expenses related to administration of the product. These expenses could include costs related to tax document preparation, auditing, or the custodial services.

Clients should refer to the offering documents and/or prospectus for a full recitation of all fees and other expenses that will incur relating to a Client's alternative investment. MIN and the IAR will answer any questions regarding the total fees and expenses and the initial and ongoing compensation that the IAR, MIN and/or affiliates may receive.

## **Impact of Ineligible Assets in the Client Accounts:**

Neither MIN, the Clients IAR, or the SMA/FSP manager will act as the Clients investment advisor with respect to Ineligible Assets. If the Clients hold Ineligible Assets in their advisory account and they also have a separate MIN commission-based brokerage account, MIN may transfer those assets from the Program account to the MIN commission-based brokerage account in order to facilitate MIN billing and performance reporting. However, the client should understand that MIN is not obligated to transfer those assets and the Client remains responsible for monitoring and moving these assets from the Programs. The transfer of Ineligible Assets from the advisory program account to the Client's brokerage account will not result in liquidation of the securities or taxable events, commissions or any other compensation either to MIN or the clients Investment Adviser. HTS and MIN have discretion to terminate the Account.

If the Client does not have a separate MIN commission-based brokerage account and decides to hold Ineligible Assets in the Advisory account, the Client does so against The Firms recommendation and with the understanding that the value of those securities will impact a variety of services offered in the Programs and will be included as part of the account assets for calculating the advisory fee on the last business day of each calendar quarter. Holdings that remain in the account will continue to be part of each fee cycle calculation until the holding is transferred or liquidated, this includes calculations and reporting of performance for the account and calculating the Program Fee and other account billing events, which will result in a higher fee to MIN. These Ineligible Assets can also cause a trade error(s) due to over investment and in this situation, MIN has discretion to terminate the



account.

MIN at its discretion will mark these ineligible assets unsupervised.

### **Unsupervised Assets**

Under certain circumstances positions in the clients account will be held as unsupervised assets. These Unsupervised Assets will not be a part of the billing calculation for the clients Program account and will not be a part of the Account Performance Calculation and will not be subject to ongoing monitoring as long as they are coded as unsupervised.

If an asset is marked as an Unsupervised Asset during a quarterly billing period, the net value of that asset will be excluded for purposes of determining the asset-based Program Fee beginning at the start of the next quarterly billing period, and no portion of the asset-based Program Fee paid by a client in advance for the quarter will be refunded or rebated back to the client.

### **Billing Practices for all Programs**

The billing process described below is subject to change upon prior written notice to the client.

### **Relating Accounts for Billing Purposes**

The client can request to have two or more eligible advisory accounts be treated as related accounts for purposes of taking their assets into consideration in order to calculate the Program Fee. This means that all eligible assets in those accounts will be considered together when determining breakpoints, if applicable, in the fee schedule. This request is subject approval from MIN.

Relating advisory accounts can provide the opportunity for price reductions at certain breakpoints.

If the client chooses a breakpoint fee schedule for their Account, they should review and consider the potential benefits of relating advisory accounts. The Program Fee for advisory accounts with a breakpoint fee schedule that are terminated prior to the quarterly billing process will be based on the contractual rate for that Account, not the relationship rate. Clients should discuss with their IAR for more information on the definition of eligible accounts and how to choose this billing option. Retirement Accounts cannot be linked where a prohibited transaction under ERISA or the Internal Revenue Code may result.

### **Initial Program Fee**

MIN will deduct the Initial Program Fee from the clients Account when the account is accepted for the Program. The fee will be calculated based on the value of the eligible assets on the date the account is accepted, pro-rated to cover the period from the date the account is accepted through the end of the calendar quarter.

### **Quarterly Fee**

After the assessment of the Initial Program Fee, the clients subsequent Program Fees will be assessed quarterly based on the net asset value (i.e., fair market value of the eligible assets including dividends and, where applicable, accrued interest, the value margin loans) in the Account on the last business day of each calendar quarter. Fees will be charged directly to the account in the month following the close of a calendar quarter unless the client has designated another eligible MIN account to pay the Program Fee. The client's fee is an annual percentage of their account assets—and the client will pay the fee quarterly in advance, pro-rated according to the number of calendar days in the billing period. The quarterly fee for the Destinations Program will be billed in arrears.

Advisory fees are calculated on the fair market value of the assets, as determined by Envestnet, on the last business day of the preceding calendar quarter. If the management of the account commences or is terminated at any time other than at the beginning or end of a calendar quarter, the fee is prorated based on the initial account value and the number of days the account was open in that quarter. For calculation

purposes the fee is based on 365 actual days in a year (366 for leap year). The calculation is as follows: (Market Value x Rate x ((Days/ 365))) with the Rate being the agreed upon fee within the advisory agreement. For more comprehensive information about the fee charged, please contact MIN or the IAR of record.

For the purposes of calculating the Program Fee, the value of the Account is calculated as the sum of the long and short market value of all Billable Securities held in the Account, plus accrued interest, minus any margin loan balances, as of the last day of the prior quarter. For mutual funds, MIN will use the fund's net asset value, as computed by the mutual fund company. HTS and/or Envestnet prices securities based on information MIN believes to be reliable. If any prices are unavailable or believed to be unreliable, HTS and/or Envestnet will determine prices

in good faith to reflect our understanding of fair market value.

If the Agreement is terminated prior to the end of the quarter, the client will receive a pro-rata refund of the prepaid, unearned fees from the date the Account is removed from the Program through the end of the quarter. For accounts billed in arrears the account will be billed and debited on a pro rata basis up to the termination date. Please see the "Account Termination" section of this Disclosure Brochure for additional information.

When fees are calculated, certain assets are excluded from the market value of the Account. These are called unsupervised assets and will not be included in the "billable" Market Value. Unsupervised assets are generally securities that are not considered approved for the Program or that the IAR and the client have agreed should be held only and not included in Account rebalancing, performance tracking and management of Account. Cash and cash equivalents are included in the program fee calculations.

#### **Fee Rate Changes**

Changes to a fee rate on an advisory account, whether an increase or a decrease in the Annual rate, must be received by ASG no later than the 20<sup>th</sup> of the month prior to the quarter end. If the request is received after the cutoff date, the new rate will not go into effect until the next quarter billing cycle. The changes will also apply to any contributions or withdrawals over \$10,000 made after the rate change request.

#### **Alternative Investments Valuation and Redemptions**

The valuation of alternative investments held at MIN reflect the records of the issuers and administrators of those funds. MIN does not guarantee the accuracy of the information. The value shown is not necessarily the value the client would receive from the issuer if they sold the assets. Funds actively sold by MIN are subject to ongoing research, although the level performed varies. In very limited circumstances, a closed fund could be subject to no ongoing research. A fund that the client purchased elsewhere could never have been subject to MIN research.

The Net Asset Value of these investments is primarily based on estimated portfolio values provided by the underlying fund sponsor. Reported estimates sometimes do not reflect resale, liquidation or repurchase value, if any, and sometimes do not reflect distributions of capital until the next valuation is reported, generally on an annual or semi-annual basis. These valuation practices are important because MIN calculates the Program Fee for alternative investments the client holds in advisory accounts based on these estimates.

For purposes of calculating the Program Fee, MIN will use the valuation of alternative investments available/reported as of the billing date. Valuation for alternative investments is often delayed, so only those investments that have at a minimum quarterly valuation will be eligible for the program. In addition, for Program accounts holding eligible alternative investment (nondaily traded alternative funds), initial cash proceeds from redemptions sometimes are not received into the account for a period that can extend over several months. Proceeds from "hold back" promissory notes are usually received within 18 months of issuance.

Redemptions and "Hold Back" Promissory Notes: For accounts holding eligible alternative investments, proceeds from redemptions are not to be received into the advisory account for a period that can extend over several months after a redemption request is submitted and is effective. As a result, the Program Fees charged originally are based on the value of the alternative investment fund inclusive of the value of the alternative fund pending redemption.

#### **Quarterly Fee – Partner – TPC Program**

MIN will charge a fee as compensation for providing Investment Management services provided for the clients Program account. These services include advisory services, trade order entry and monitoring, investment supervision, and other account-maintenance activities. Schwab may have additional custodial transaction costs, custodial fees, redemption fees, retirement plan and administrative fees or commissions. Please review the client Schwab account agreements for additional information about the fees that Schwab will charge.

The fees for investment management are based on an annual percentage of assets under management and are applied to the net asset value on a pro-rata basis and are billed either quarterly in advance or in arrears. The client will choose how the account will be billed when setting up the account. The value will be determined as reported by Envestnet.

Fees are assessed on all assets under management, including securities, cash, and money market balance. Margin account debit balances are not included in the fee billing.

Schwab as the qualified custodian holding the client's funds and securities will debit the account directly for the advisory fee and pay that fee to MIN. The client will provide written authorization permitting the fees to be paid

directly from the account held by Schwab. Further, Schwab agrees to deliver an account statement to the client at least quarterly which will include all the amounts deducted from the account including the MIN advisory fee.

The client will receive a credit of the Program Fee imposed on alternative investments the client redeems in whole or in part while they hold these investments in advisory programs. Credits will be based on the effective date of redemption.

### **Advisory Program Fees, Compensation, and Other Costs**

For all advisory programs, the fees are listed in the previous section under each program. The program fees do not cover the fees and expenses of any underlying ETFs, closed-end funds, UITs, ETNs or mutual funds, fees for ancillary services such as wire transfers, returned checks, etc., nor does it cover all applicable exchange fees or option reporting fees. In the event of third-party fees, such as those from foreign exchanges; Securities and Exchange Commission; other broker-dealers; markups, markdowns, or spreads; or legally mandated fees; the firm reserves the right to pass these fees on to the client in addition to advisory fees. There are additional costs associated with the Destinations Program selection of optional riders, and the Tax and Impact Overlay Services offered on Passport Series SMA, Gateway FSP, and Momentum Pathways UMA Programs.

The client should be aware that Program fees charged could be higher than those otherwise available if they were to select a separate brokerage service and negotiate commissions in the absence of the extra advisory services provided. MIN fee schedules are subject to negotiation, depending upon a range of factors including, but not limited to, account sizes and overall range of services provided.

Affiliate HTS acts as co-advisor and/or provides certain services offered by MIN.

The client should consider the value of these advisory services when making such comparisons. The combination of custodial, advisory and brokerage services sometimes are not available separately or could require multiple accounts, documentation, and fees. The client should also consider the amount of anticipated trading activity when selecting among the Programs and assessing the overall costs. Advisory Programs typically assume a normal amount of trading activity and, therefore, under particular circumstance, prolonged periods of inactivity or asset allocations with significant fixed income or cash weightings can result in higher fees than if commissions were paid separately for each transaction.

If the client liquidates securities prior to initiating or after terminating a Program service, they will be subject to customary brokerage charges with respect to that transaction, in addition to any Program fees that are applicable during the period.

The client's IAR has a financial incentive to recommend a fee-based advisory program rather than paying for investment advisory services, brokerage, performance reporting and other services separately. A portion of the annual advisory fee is paid to the client's IAR, which generally is more than the IAR would receive under an alternative program or if the client paid for these services separately. Therefore, the IAR has a financial incentive to recommend a particular account program over another. In addition, the client's IAR receives incentive compensation for utilizing a particular account program. Such incentive compensation is generally available as follows:

IARs utilizing any of the previously mentioned Programs offered by MIN generally receive compensation in the form of asset-based fees, and this compensation is typically credited to the IAR on a quarterly basis. Such compensation generally is more than the representative would receive if clients participated in other programs or paid separately for investment advice, brokerage and other services and, therefore, the IARs have a financial incentive to recommend the advisory programs over other services.

IARs are typically compensated based on their annual gross production, whereby higher gross production will generally result in higher payouts. These compensation programs constitute a targeted payout increase to certain qualified IARs based on economies of scale achieved by MIN, its affiliates and IARs at increasing asset levels. However, such compensation arrangements represent a conflict of interest where an IAR is incentivized to recommend an asset-based fee account Program rather than recommending an alternative product or service, if comparable or if available separately to clients. The client should be aware of such arrangements and should consult their IAR for additional details regarding the IAR's compensation levels in fee-based accounts.

While certain account minimums are set for each advisory account Program, the client's IAR can elect to recommend a Program based on their understanding of and familiarity with the various services offered within a

particular Program. Because each Program is unique and offers a different bundle of services, the standard advisory fee the client pays is allocated within the firm differently from one Program to another. The compensation received by the IAR is higher in some particular programs relative to others, and this compensation fluctuates based on certain minimum clearing or retention rates assigned by MIN. These clearing and retention rates are a component of, and not in addition to, the overall advisory fee paid, and generally are higher as a percentage of the overall advisory fee paid by the Client for smaller accounts. As a result, an IAR has a disincentive to recommend certain of the aforementioned Programs to clients with smaller accounts that otherwise would meet the standard account minimum for each respective Program. Therefore, this creates a conflict regarding the achievable level of investment diversification a client may achieve. MIN has entered into Financial Institution Service Agreements (“Service Agreements”) with unaffiliated financial institutions (“UFIs”), such as banks and credit unions. Pursuant to the Service Agreements, MIN through its IARs, offers advisory services on the premises of the UFI. In some cases, MIN also shares compensation with the UFI, including a portion of the advisory fees (generally ranging from 40% to 100%), for the use of the UFI’s facilities and for Client referrals. Therefore, the UFI has a financial incentive to recommend an MIN IAR over other IARs.

Under a Service Agreement, advisory services are offered by MIN and not the UFI. Any securities recommended by MIN and its IARs as part of any investment advice are not guaranteed by the UFI or insured by the Federal Deposit Insurance Corporation (“FDIC”) or any other federal or state deposit guarantee fund relating to financial institutions.

MIN has entered into a clearing arrangement with an unaffiliated registered broker-dealer pursuant to which the broker-dealer clears transactions in certain mutual funds. This broker-dealer has established relationships with the mutual fund companies. The registered broker-dealer receives sub-transfer agent fees and shareholder servicing fees from the mutual fund companies or their affiliates for the shareholder, administrative and other recordkeeping services it provides, and can pass all or a portion of these fees through to MIN. The sub-transfer agent fees and shareholder servicing fees vary by mutual fund company and are based on assets held in MIN client accounts.

Unaffiliated broker-dealer passes through all the fees that they receive from the Funds and charge MIN a clearing fee based on the value of the assets. The fees are not paid from the clients account but are paid from the mutual fund. As a result, the fees reduce the fund’s net asset value and thus the value of an investment in the fund. Therefore, these fees are a form of indirect compensation paid by all investors in the mutual fund. Generally, whether MIN receives these fees is not dependent on the share class in which the client invests. MIN has an incentive to only offer mutual funds and other investments that make third party payments or enter into revenue sharing agreements. MIN also has an incentive to recommend these investments to the client because the more client assets that invest in them the more payments and revenue MIN receives. These revenue-sharing payments create a conflict of interest because some mutual fund companies pay more than others, and MIN therefore has a financial incentive to choose mutual funds issued by companies that pay it more than others, and this financial incentive could interfere with MIN’s fiduciary obligation to choose the best available investments for the client. These revenue-sharing payments also create a conflict of interest because they create an incentive for MIN to invest client assets in mutual funds that pay these fees, rather than other types of investments (such as equities, bonds or ETFs) that do not pay these fees, or mutual funds from companies that do not pay these fees. MIN can only sell mutual funds issued by mutual fund companies with which MIN signs a selling agreement, and these revenue-sharing payments create a conflict of interest because MIN has a financial incentive not to sign selling agreements with mutual fund companies that do not make these payments, which in some cases as a result offer mutual funds with lower operating expense ratios. MIN intends, however, to make all recommendations independent of such fee consideration and based solely on the obligation to consider the client’s objectives and needs.

**Payments from Structured Product Sponsors.** Purchases of Structured Products in the Co-Pilot Program are not charged any sales commissions; however, Clients who purchase Structured Products will pay certain offering costs associated with issuing, selling, structuring, and hedging the products. Such costs are paid to the issuer, and are included in the initial offering price, and disclosed in the offering documents. Therefore, the estimated value of the investment on the pricing date will be less than the original issue price. MIN receives a structuring fee from the issuer for the sale of the Structured Product. The structuring fee that MIN receives varies by product and sponsor, with a range of 0.25% or \$2.50 per \$1,000 dollars purchased to a maximum of 1.25% or \$12.50 per \$1,000 dollars purchased, thus the offering document should be consulted for additional details regarding the structuring fee for

any single investment.

### **Compensation to IARs Who Recommend Advisory Programs**

In general, MIN pay IARs cash production payout. The production payout is a percentage of the product-related revenue that each IAR generates during that billing cycle with respect to the clients they serve, minus adjustments due to distributions from or the closing of the advisory account. The payout rate is generally based on production levels and ranges from 60% to 90%. IARs working as part of a team that meets minimum production requirements can qualify for a higher grid rate (but not above 92%) than they would receive working as an individual.

MIN reserves the right, at the firm's discretion and without prior notice, to change the methods by which the firm compensates IAR's and independent contractors, including reducing and/or denying production payout and for any reason.

**Recruitment Compensation:** In general, if the clients IAR is joining MIN from another firm, the client should discuss the reasons their IAR decided to change firms and any costs or changes in services the client may incur by transferring their accounts to MIN. In many cases, MIN pays IARs financial incentives when they join and on an ongoing basis as described below.

Many IARs who joined MIN are eligible to receive financial incentives, including loans, bonuses and/or other compensation, if they reach certain asset and/or production levels or other targets. The amount paid to IARs under these arrangements is largely based on the size of the business serviced by the IAR at their prior firm and the IAR achieving a minimum percentage of their prior firm production and asset levels within a specific time period after joining MIN.

These incentives can be substantial and take various forms, including, loans, transition bonus payments, transitional increased grid payouts, reimbursement of client account transfer fees and various forms of compensation to encourage IARs to join MIN and are contingent on the client IAR's continued affiliation. Therefore, even if the fees the client pays at MIN remain the same or are less, the transfer of their assets to MIN contribute to the IAR's ability to meet such targets and to receive additional loans and/or compensation even if not directly related to the clients account or the fees paid to the firm.

These practices create an incentive and a conflict of interest for the clients IAR to recommend the transfer of their account assets to MIN since a significant part of the IAR's compensation is often contingent on the IAR achieving a pre-determined level of revenue and/or assets at MIN. The client should carefully consider whether their IAR's advice is aligned with their investment strategy and goals.

### **Funding the Account**

The client may fund their account by depositing cash and/or eligible securities designated as "eligible" for the Program accounts. The Destinations Program Account must be funded by cash/check for all new purchases.

Class A shares used to fund accounts subsequent to the Share Class Conversions will be converted, on a tax- free exchange basis (subject to availability of that service by the mutual fund sponsor), to the new share class available for the relevant fund.

If the client funds their account with securities, they authorize and direct MIN, as applicable given the terms of the program, to liquidate those securities on behalf of the client and to allocate the proceeds in accordance with their selected investment style.

MIN will not advise the client regarding the liquidation of these securities. MIN will execute those transactions free of commission charges; however, depending on the type of security involved, those liquidations can result in the client incurring redemption charges and taxable gains or losses. The client should review the potential tax consequences of these liquidations with their tax advisor before funding their account with securities.

When liquidating these securities for purposes of establishing the clients account, MIN will be acting as the client's broker, not their investment adviser. Liquidations will be affected promptly after acceptance of the clients account at the then prevailing market prices.

MIN will not be responsible for the liquidations and any consequences due to the client's failure to notify the firm of other existing security holdings, the overall effect of liquidations once affected, or the loss of potential gains due to movements in the market prices or changes in market conditions.

Securities that are ineligible for an ASG Program should be transferred to a brokerage account. If immediately prior to funding an advisory account, the client chooses to liquidate eligible and/or ineligible securities to fund an

account with the cash proceeds, those liquidations will not be subject to commission charges or if charged, commissions will be reversed.

For Programs that offer mutual funds, MIN will provide the client with mutual fund prospectuses and other fund information upon a reasonable request from the client. MIN will also assist in completing appropriate forms for purchases, redemptions, account designations, address changes, and other transactions involving these investments.

Class A shares are available for mutual funds that do not offer Institutional or Advisory share classes or that declined to make those shares available in the Programs. Class A shares normally impose a shareholder servicing fee, commonly referred to as a 12b-1 fee, which the client pays directly to the fund company. These fees will be rebated to the client's account in most Programs.

The Class A shares available in the Programs do not impose a load or sales charge at the time of purchase; however, because most Institutional or Advisory share classes do not impose a 12b-1 fee shareholder servicing fee, these share classes are usually more cost effective than the Class A shares.

As part of its fiduciary duties to clients, MIN endeavors at all times to put the interests of its advisory clients first. The client should be aware, however, that the receipt of economic benefits by MIN (or its related persons) in and of itself creates a potential conflict of interest.

#### **Funding the account with Securities/Commissions Lookback**

Securities trades executed 30 days prior to the date the client signed the account agreement, should not include commissions or sales credits. Any securities trades in the previous 30 days that have had commission charges must be canceled and rebilled to reflect that no charges were made to the customer. Mutual funds, unit investment trusts and other products with a sales load that have not been held for the previous 12 months are not eligible for Program accounts. The positions should not be liquidated prior to approval in expectation of acceptance into the program.

These positions will be reviewed for eligibility on a case-by-case basis by MIN Wealth Management Supervision. If not approved, these positions will need to be kept in a separate brokerage account until the full 12 months has passed or be marked as Unsupervised Assets and will stay in the account but not a part of the billing calculation until the lookback period has expired. This will not apply to positions that transfer into the account from other firms. For the Destinations Program all eligible securities must be liquidated to fund the account.

#### **Tailoring of Advisory Programs and Reasonable Restrictions**

For all advisory programs sponsored by HTS, the client will select the IAR with whom they wish to work with. The IAR will assess prior investment experience, financial goals, time, horizon, risk tolerance and investment objectives to determine the appropriate program.

The client may request that reasonable restrictions be imposed on the management of their account. Reasonable restrictions generally include the designation of particular securities or types of securities that should not be purchased for the account. If the restrictions are unreasonable or if MIN, or the IAR, believes that the restrictions are inappropriate, MIN has discretion to remove the client's account from the Program. In some cases, MIN has discretion to liquidate preexisting positions in the portfolio immediately and bring the Account into conformity with the Client's target allocations so if the Client wishes to hold certain positions for tax and investment purposes, they should consider holding these positions in a separate account or request to be held as an unsupervised asset.

Under certain circumstances, the client's IAR can temporarily place certain restrictions on securities for the purpose of model rebalancing. This is for portfolio trading purposes only.

#### **Cash Sweep**

For all Programs, cash or money market investments will be included in the determination of the Account Value. Effective March 6, 2023, HTS implemented certain changes to the cash sweep program. Specifically, HTS no longer offers money market mutual funds ("MMMF") as a sweep option for excess cash held in customer accounts. Instead, excess cash balances will be invested, upon affirmative written consent from the Client, only in our Bank Insured Deposit ("BID") Program. BID is a service provided by HTS to its customers which offers the Client the option of transferring excess cash balances in their securities accounts to our BID program, which is an ("Sweep Account") account at a bank or credit union ("Participating Bank") whose deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") or the National Credit Union Administration ("NCUA"), as applicable, up to applicable FDIC and NCUA limits. A sweep of excess cash allows the Client to earn interest on those funds from Participating Banks while retaining the flexibility to quickly access that cash to purchase

securities or withdraw it.

To participate in the HTS BID program, the Client must select a sweep upon account opening by affirmative written consent. If participation is declined in the BID program, or if the account is otherwise ineligible to participate, the excess cash balances must be retained in an interest-bearing Securities Investor Protection Corporation ("SIPC") insured credit interest program ("CIP") account held at HTS. Unlike cash accounts, retirement accounts are required to participate in a sweep account program by affirmative written consent prior to account opening. Retirement accounts may not select CIP. For existing accounts, the Client should notify their Investment Adviser Representative ("IAR") if they wish to sweep cash balances to the BID program.

HTS may temporarily suspend or discontinue the sweep program at any time and without advance notice to Clients. HTS may change BID terms and conditions ("CID Program Terms and Conditions"), or change the timing or frequency of the sweep, by giving the Client thirty (30) days prior written notice to the extent possible. If HTS fails to sweep excess cash balances in the manner described in the Customer Information Brochure, HTS' liability is limited to the actual amount of interest the Client would have earned had the sweep been performed. HTS may automatically sweep funds from our Sweep Account to an Advisory Program account anytime without advance notice to Clients to pay for securities transactions and withdrawal requests, satisfy a debit balance, settle any other obligation owed to HTS, pay a margin loan, provide necessary collateral in a margin account, or for any other permissible purposes.

Should the Client wish to access these funds or information regarding the BID program rates, the Client should contact their IAR. With ongoing changes to the interest rates paid by Participating Banks under the BID program, the client's personal financial circumstances and market conditions, Clients should always consider all of their investment options.

#### **Available SIPC Coverage**

HTS is a member of SIPC, which protects securities customers of its members against the loss of cash and securities up to \$500,000 (including a \$250,000 limit for claims for cash). An explanatory brochure is available at [www.sipc.org](http://www.sipc.org) or by calling 202.371.8300. In addition, HTS has purchased Excess SIPC Insurance which covers the net equity of customers' accounts up to an aggregate of \$200 million from underwriting syndicates at Lloyd's of London. The customer securities component, which restricts coverage with respect of any one customer, will be a maximum of \$25,000,000 in coverage for securities, with the aggregate coverage of cash set at \$900,000.

SIPC and Excess SIPC covers accounts of the member firm in the event of a member's bankruptcy or insolvency. Coverage does not apply to losses due to market fluctuation or to any decline in the market value of securities in an account. It is important that Clients understand the unique nature, insurance coverage and risk associated with each type of account and account category. SIPC coverage does not protect cash balances created and maintained solely for the purpose of earning interest, so funds in CIP accounts must be intended for future reinvestment.

#### **Bank Insured Deposit Program**

The BID program is a program that sweeps excess cash to Sweep Accounts at FDIC-insured Participating Banks in increments of \$250,000 (the current standard maximum deposit insurance amount ("SMDIA") per insurable capacity under FDIC rules). Subject to satisfaction of certain conditions, funds swept to each Participating bank will be eligible for pass-through deposit insurance coverage under FDIC rules. Because there are multiple Participating Banks in the BID program, the maximum amount of funds that, subject satisfaction of certain conditions, will be eligible for pass-through deposit insurance coverage will be equal to the SMDIA (currently \$250,000 per insurable capacity) multiplied by the number of Participating Banks at which funds are deposited (the "Maximum applicable FDIC Amount for an individual accountholder, or an individual owner of a joint account, would be \$5 million (\$250,000 multiplied by 20). And the combined Maximum Applicable FDIC Amount for accountholders of joint account with two individual owners would be \$10 million (\$500,000 multiplied by 20). The actual Maximum Applicable FDIC Amount will depend on the number of Participating banks in the BID program at any given time, excluding any Participating Banks in which a client elects not to have funds swept.

The FDIC insures bank deposit accounts such as checking, interest-bearing checking and savings accounts, money market deposit accounts, and certificates of deposit (CDs) if an insured bank or savings association fails. Bank deposits are generally insured up to \$250,000 (the current SMDIA) per insurable capacity for all funds held by a

bank for a client, including both funds deposited through the BID program and funds that a client may have on deposit at a bank outside of the BID program, while the IRA and other qualifying self-directed retirement funds on deposit are separately insured up to \$250,000. The FDIC does not insure the money invested in stocks, bonds, mutual funds, life insurance policies, annuities, or municipal securities, even if the client purchased those products from an insured bank. Accounts and funds held at a Participating bank by a client in the same capacity outside of the BID program and any funds swept to the Participating Bank through the BID program are combined for purposes of determining FDIC insurance coverage. Thus, if a client has funds on deposit at a Participating bank outside of the BID program, and \$250,000 of the total deposits would be eligible for pass-through FDIC deposit insurance and amounts in excess of \$250,000 held at the Participating bank would not be insured. If a client has deposits at a Participating Bank that were made outside of the BID program, the client should notify their IAR and elect not to have funds placed as such Participating Bank through the BID program. The client is solely responsible for monitoring the Client's total deposits at a Participating Bank, including deposits through the BID program and deposits outside of the BID program. Additional information regarding FDIC coverage is available at [www.fdic.gov](http://www.fdic.gov). The Client should consult their IAR, as certain types of accounts may not be eligible to invest in the BID program.

As discussed in the BID Program Terms and Conditions, the BID program pays different rates of interest based on six different deposit tiers. The amount of interest paid will be determined by the amount of interest paid by the banks participating in the program, minus the amount of fees charged by us, as broker-dealer or custodian. The tiers are currently as follows:

<b>Tier</b>	<b>Deposit Level</b>
Tier 1	\$0 to \$49,999.99
Tier 2	\$50,000 to \$249,999.99
Tier 3	\$250,000 to \$499,999.99
Tier 4	\$500,000 to \$999,999.99
Tier 5	\$1,000,000 to \$2,999,999.99
Tier 6	\$3,000,000 or more

Clients may request a copy of the BID Program Terms and Conditions are available from your IAR. For information about current rates paid by Participating Banks in the BID Program, please discuss with a MIN IAR. Additional information about the BID program is available at our website at [www.hilltopsecurities.com/disclosures/sweepaccount-disclosure](http://www.hilltopsecurities.com/disclosures/sweepaccount-disclosure), or from a MIN IAR.

The applicable interest rate tier will be determined based on the amount of cash available in The Client's Advisory Program account on a per account basis. Cash available in one Advisory Program account will not be aggregated to include cash which may be contained in other Advisory Program accounts the Client holds with the Firm for purposes of qualifying for a higher interest rate tier. In other words, the amount of cash available in each specific Advisory Program account can only be used to qualify for one individual interest rate tier under the BID program.

Interest on funds in a Sweep Account at a Participating Bank is accrued daily, compounded monthly and credited to accounts monthly. Interest begins to accrue on the date of deposit in the bank up to, but not including the date of withdrawal. The daily balance method is used to calculate the interest on these accounts. The daily rate is 1/365 of the applicable interest rate. Sweep Account rates are set in accordance with other bank products and may be changed at any time. The rate of return paid on funds invested in a Sweep Account at a Participating Bank may vary from the rates of return available to depositors making deposits with the Participating Bank directly, through other types of accounts at HTS, or with other depository institutions in comparable accounts. The Client should compare the terms, rates of return, required minimum amounts, charges and other features with other accounts and alternative investments.

HTS anticipates receiving fees, including fees for administrative services ("Program Fees") and other financial benefits, for providing sweep funds to the Participating Banks in the BID program. HTS anticipates that its affiliate, PlainsCapital Bank, will receive a financial benefit from the use of sweep funds, such as net interest income. The Participating banks pay a total all-in cost of funds ("TAICF") based on deposits held at the Participating Bank



through the BID program. The TAICF consists of the interest payable to clients on their deposits in a Sweep Account, and the fee paid to HTS. HTS has a material conflict of interest with respect to the BID program because the Participating Banks in the BID program (including PlainsCapital) have discretion in determining TAICF to pay on Sweep Account deposits, and HTS has discretion in determining how much of that bank interest rate is paid to customers in the program, and how much of the bank interest rate to retain itself as a Program Fee. The Participating Banks (including PlainsCapital) have a financial interest in paying a lower TAICF so that their net interest income is increased, and HTS has a financial incentive to retain a higher portion of the TAICF as a Program fee (resulting in a lower rate paid to customers). HTS contracts with a third-party to provide administrative services for the BID program. Certain selected affiliated and unaffiliated Participating Banks will receive priority in receiving BID program balances for overnight deposits and/or short-term deposits. HTS at times will maintain a reserve account with an affiliated and/or unaffiliated Participating Bank. Complete BID program disclosures and a list of the Participating Banks available in the BID program are available at [www.hilltopsecurities.com/disclosures/sweepaccount-disclosure](http://www.hilltopsecurities.com/disclosures/sweepaccount-disclosure). Also, complete BID program disclosures are contained in HTS's Customer Information Brochure.

Similarly, HTS has discretion concerning the amount of interest to pay, if any, on cash swept to free credit balances held at HTS, and HTS has a conflict of interest in determining this interest rate because a lower or no interest rate paid to customers on free credit balances results in greater revenue for HTS. HTS does not share any revenue received in connection with free credit balances with its IARs.

HTS also offers money market mutual funds (of various share classes) to customers on a position-traded basis, which is to say, by having the customer's IAR place individual buy or sell orders for those funds, not on an automated sweep basis. Some of these position-traded money market mutual funds offer higher yields to customers than the BID program or free credit balance and pay lower or no fees to HTS. HTS has a conflict of interest with respect to the decision whether to allow customer cash balances to be swept automatically to its sweep funds, or to be position-traded into other money market mutual funds that are higher-yielding to customers but pay lower or no fees to HTS. HTS also has a conflict of interest with respect to all sweep options because the revenue it earns from those sweep options may give it an incentive to increase the amount of a client's assets allocated to cash as compared to other investments. For more information relating to these money market mutual funds, the Client should discuss with their IAR and refer to the fund's prospectus for more detailed information.

When the funds in a Client account exceed the Maximum Applicable FDIC Amount, then any such excess funds will be invested in the Dreyfus Government Cash Money Market Fund Investor Class (DGVXX). The investor share class does not charge 12b-1 fees but do include shareholder servicing fees and other fees and may be more expensive than other share classes of the same fund that are available to our Advisory Customers. The use of higher cost share class of money market mutual funds than may otherwise be available to the Customer, and the use of money market mutual funds that pay shareholder servicing and other fees instead of other money market funds that do not pay these fees, are conflicts of interest on the part of HTS.

DGVXX, which is only available for account balances in excess of the Maximum Applicable FDIC Amount, is registered with the SEC pursuant to the Investment Company Act of 1940 and treated as a security. Please note that DGVXX is not FDIC-insured, not guaranteed by the federal government, and is not a deposit or obligation of any bank or guaranteed by any bank. There can be no assurance that this or any money market fund will be able to maintain a stable net asset value of \$1.00 per share. See the DGVXX money market fund prospectus for more complete information, including terms, management fees, prevailing rates, and expenses. A Client can obtain a prospectus by contacting their IAR or via our website at [www.hilltopsecurities.com/disclosures/sweep-account-disclosure](http://www.hilltopsecurities.com/disclosures/sweep-account-disclosure). The Client should consider the fund's investment objectives, risks, and expenses carefully before investing.

HTS has arrangements to receive compensation in the form of servicing fees and other fees, and other compensation based on assets invested in DGVXX. This compensation is not shared with the HTS IARs.

The Firm anticipates receiving fees, including fees for administrative services, and other financial benefits for providing sweep funds on deposit with the BID program.

### **Free Credit Balances**

Free credit balance refers to the amount of cash held in a Client account resulting from sales of securities, dividends, interest, deposits or otherwise, which is free from any withdrawal restrictions. Free credit balances are

held by HTS and are payable to the Client on demand. HTS uses their customers' free credit balances to earn interest and other compensation, to the extent permissible under Rule 15c3-3 of the Securities Exchange Act of 1934.

HTS considers free credit balances to be temporarily held in Client account for the purpose of reinvestment or otherwise being held awaiting investment. HTS may, but is not required to, pay interest on free credit balances. As such, free credit balances should not be held by the Client solely for the purpose of earning interest. Clients are responsible for monitoring their free credit balances to determine whether a sweep program offered by HTS would be more appropriate for them. As discussed above, HTS has a conflict of interest when determining the interest rates it pays on free credit balances.

Interest is calculated daily based on the free credit balance in a Client account as of the close of business the prior business day. Interest is then credited to accounts on a monthly basis. Interest rates are subject to change at any time and without notice based on a number of internal and external factors including current market conditions, interest rates, and other market factors.

For current rates on Free Credit Balanced, please discuss with a MIN IAR or visit our website: [www.hilltopsecurities.com/disclosures/sweepaccount-disclosure](http://www.hilltopsecurities.com/disclosures/sweepaccount-disclosure).

### **Limitation on Security Type**

Except as may be provided in connection with the Sweep Program, in general, participating Investment Managers in the Endeavor, Compass UMA, Momentum Pathways UMA, Passport Series SMA and the Explorer Programs may not directly invest Client assets in cash equivalent securities or instruments such as money market securities.

The Client should discuss with their IAR the sweep and position-traded money market mutual fund options available in the Aviator, Co-Pilot, and Partner – TPC Programs.

### **Account Termination**

Investment advisory services may be terminated by either party at any time. Upon termination, the client is responsible for monitoring and managing the securities in their portfolio, and they will be subject to customary brokerage charges. Neither MIN, the clients IAR nor other outside Investment Managers will have any further obligation to act on advice with respect to those assets. Any unused portion of the prepaid quarterly fee will be refunded and credited to the account. Such refunds will be pro-rated based on the number of days remaining in the calendar quarter for which the client prepaid a fee. For terminated Explorer Program accounts, the TAM will be notified and will close and bill the account for the number of days in the quarter the account was in the program. Partner – TPC accounts terminated will be billed on a pro-rata basis up to the Account termination date.

If the client should choose to terminate their participation in any of the firms ASG Programs, MIN can liquidate the client account at that time if MIN is instructed by the client to do so. If so instructed, MIN will liquidate the account in an orderly and efficient manner. MIN does not charge for such redemption; however, the client should be aware that certain mutual funds impose redemption fees as stated in their fund prospectus. The client should also keep in mind that the decision to liquidate security issues or mutual funds has tax consequences that should be discussed with their tax advisor.

### **IAR Termination from the Programs**

MIN retains the authority to remove any IAR from the Programs at any time and to transfer day-to-day management responsibility of the clients account to another MIN IAR or Office of Supervisory Jurisdiction ("OSJ") in certain situations, at any time without first notifying the client or obtaining their consent. In most cases this will result in the termination of the advisory agreement and the need to establish an advisory agreement with newly assigned IAR. Under certain circumstances a new advisory agreement will not be required

### **Conflicts of Interest**

Conflicts of interests can arise with respect to a variety of business and other relationships in almost any investment advisory program. When MIN acts as the clients Investment Adviser, the firm and the IARs earn more when the client invests more in their advisory account, and both will earn the same advisory fee rate regardless of how frequently the client trades. MIN also receive payments from affiliated and unaffiliated third parties, including the investment products in which the client invests, and their sponsors. These third- party fees are disclosed in MINs Form ADV Brochure and the investment product's prospectus and other offering documents. Please refer to the

“Other Financial Industry Activities and Affiliations” below for discussion of conflicts of interest relationships and product- specific compensation that is received by MIN. For additional conflicts of interest information relating to HTSPM, please see that detailed section above in this brochure.

### **Review of Accounts**

Program Services include periodic reviews and monitoring of the Clients account by their IAR. In addition, monthly and/or quarterly reviews are conducted by MIN Wealth Management Supervision. For Clients of IARs registered through MIN, trading activity is reviewed on a daily basis by the OSJ or designee assigned to the IAR. Other reviews, as deemed appropriate, are conducted by ASG, the OSJ or designee. IARs registered through MIN conduct reviews on at least an annual basis, which can provide an opportunity for the Client to update MIN with any material changes in their financial condition, risk tolerance, objectives and/or investment restrictions. Additional information relating to review of HTSPM accounts is noted above in this brochure.

### **Performance Based Fees**

MIN does not charge for performance-based fees in any of its managed account programs.

### **Types of Clients and Account Requirements**

MIN generally provides investment advisory services for individuals, individual retirement accounts (“IRAs”), banks and thrift institutions, pension and profit-sharing plans, including plans subject to Employee Retirement Income Security Act of 1974 (“ERISA”), trusts, estates, charitable organizations, state and municipal government entities, corporations and other business entities. MIN can prohibit anyone or any account type from establishing a Program Account for any reason, including if the firm believes it is not an appropriate investment strategy for the client.

The minimum initial account values for the Programs described in this Disclosure Brochure are listed below. MIN has discretion to terminate any Program account if they fall below the minimum Account Value guidelines established by MIN. Under certain circumstances, MIN has discretion to grant an exception to the minimum Account Value Requirement.

<b>Program Name</b>	<b>Minimum Account Value</b>
Aviator/Co-Pilot; Partner - TPC	\$30,000
Compass UMA	\$25,000
Passport Series/Momentum Pathways	\$100,000 (Subject to Managers Minimum)
Gateway FSP	\$25,000 (Subject to Managers Minimum)
Explorer Program	The minimum is determined by each TAM
Endeavor Foundation	\$2,000
Endeavor Flagship	\$10,000
Endeavor Hilltop Models	\$25,000
Destinations Program	\$25,000

### **Methods of Analysis and Investment Strategies and Risk of Loss**

Additional information relating to HTSPM Methods of Analysis, Investment Strategies and Risk of Loss are detailed above in this brochure.

### **Investment Manager Selection and Evaluation**

The specific methods of analysis used, and Investment Strategies for each Program are described under each Program.

MIN uses the following investment strategies, as appropriate, when managing client assets or making recommendations for Program Accounts:

#### **Long-term Purchases**

Where appropriate, MIN employs a long-term investment strategy when formulating the investment advice given to clients. This entails the purchase of securities with the idea of holding them in the clients account for a year or longer MIN does this when The Firm believes the securities to be currently undervalued. MIN will also do this when the firm wants exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that, by holding the security for this length of time, MIN does not take advantage of short-term gains that could be profitable to the client. Moreover, if MIN's assumptions are incorrect, a security could decline sharply in value before the firm makes the decision to sell.

### **Short-term Purchases**

Where appropriate, MIN also purchases securities with the idea of selling them within a relatively short time, typically a year or less. The firm will do this in an attempt to take advantage of conditions that MIN believes will soon result in a price swing in the securities purchased.

A risk in a short-term purchase strategy is that, should the anticipated price swing not materialize, MIN is left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy, and results in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

### **Short Sales**

A short sale is a transaction in which the client sells a security they do not own. MIN borrows shares of a stock for the client's portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. MIN will then sell the shares that have been borrowed. On the agreed-upon future date, MIN will buy the same stock and return the shares to the original owner. MIN engages in short selling based on the firm's determination that the stock will go down in price after MIN has borrowed the shares. If the stock has gone down since MIN purchased the shares from the original owner, the client keeps the difference. There are certain costs associated with the securities that MIN borrows on the client's behalf, and the client agrees to pay such costs.

One risk in selling short is that losses are theoretically unlimited. MIN is obligated to repurchase the stock no matter how much the price has climbed. In addition, even if the firm is correct in determining that the price of a stock will decline, MIN runs the risk of incorrectly determining when the decline will take place. Short selling has greater risks in times of inflation, as prices adjust upwards regardless of the relative value of the stock.

For more information relating to risks and costs of short sales, please refer to the MIN Customer Information Brochure.

### **Margin**

Leverage strategies, such as using margin, are desirable in some cases but are generally not recommended for Advisory accounts. If the account is approved for margin trading, they could be required to deposit additional securities or cash on short notice to maintain their position and/or to maintain sufficient assets to meet MIN's requirements. If the client does not meet requirements in the required time frame, MIN will have discretion to liquidate all or a portion of those holdings. The client will be liable for any resulting deficit in their Account. Margin trading can work against the client as well as for them, for example, larger losses as well as the potential for larger gains. Before the client begins using margin, please read the "Margin Disclosure" brochure available from their IAR. Maintaining a margin account balance will also increase the wrap fee to the extent of the margin exposure. It is important that the client fully understand the risks involved in trading securities on margin. These risks include but are not limited to the following:

- The client can lose more funds than they deposit in the margin account.
- MIN can force the sale of securities or assets in the account and in some cases without contacting the client.
- The client will pay interest on the outstanding margin loan balance.
- The use of margin can have a positive or negative performance affect, net of interest charges and other account fees that likely will be greater as a consequence of using margin. As a result, gains or losses in a leveraged managed account likely will be greater than would be the case with an unleveraged managed account.

As explained in the Margin Disclosure brochure, HTS and MIN have discretion when setting the interest rate for the clients' margin balance, and HTS and MIN earn more revenue the higher this interest rate is set. This creates a conflict of interest because HTS and MIN have a financial incentive to charge the client a higher-than-market-rate interest rate for margin loans. HTS and MIN have the right to loan to third parties the clients securities pledged to secure their margin balance, HTS and MIN earn revenue from these loans, and HTS and MIN retain all of this

revenue. This creates a conflict of interest because HTS and MIN have the ability to determine which securities will be pledged to secure the clients debit balance, and HTS and MIN have a financial incentive to loan the securities that will result in the greatest level of revenue. For more information relating to risks and costs of margin, please refer to the MIN Customer Information Brochure.

### **Options**

Certain types of option trading are permitted in order to generate income or hedge a security held in certain Program Accounts; namely, the selling (writing) of covered call options or the purchasing of put options on a security held in the Program account. The client should be aware that the use of options involves additional risks. The risks of covered call writing include the potential for the market to rise sharply. In such case, the option counterparty has the right to call away the security and the Program account will no longer hold the security. The risk of buying long puts is limited to the loss of the premium paid for the purchase of the put if the option is not exercised or otherwise sold by the program account.

Options involve risk and are not suitable for all investors. The client should read the "Characteristics and Risks of Standardized Options" brochure provided by their IAR. There are costs associated with options trading, and the client agrees to pay such costs.

### **Risk of Loss**

The client should understand that all investments involve a certain amount of risk. Investment performance can never be predicted or guaranteed and that the values of the clients' accounts will fluctuate due to market conditions and other factors. The client should also understand that MIN makes no representations or warranties with respect to the present or future level of risk or volatility in, or the future performance of, the clients account. The client should further understand that they are assuming the risks involved with investing in securities and other investment products and should understand that the client could lose all or a portion of the amount held in their account(s).

Below are some of the common risks the client should consider prior to investing. This list is not a complete enumeration or explanation of the risks involved, and the client should consult with their IAR and their legal and tax advisers before investing in any particular strategy.

- **Market Risks:** The prices of, and the income generated by, the common stocks, bonds, and other securities the client owns can decline in response to certain events taking place around the world, including those directly involving the issuers; conditions affecting the general economy; overall market changes; local, regional, or global health, political, social, or economic instability; governmental or governmental agency responses to economic conditions; and currency, interest rate, and commodity price fluctuations.
- **Asset Allocation and Diversification Risk:** The performance of Accounts is dependent on the allocation of securities among various asset classes and the selection of underlying Funds. There is a risk that IAR's decisions regarding asset allocation and the selection of investments will cause an Account's performance to lag relevant benchmarks or will result in losses. While allocations to multiple asset classes can reduce risk, risk cannot be completely eliminated with diversification. Asset allocation and diversification do not guarantee a profit or protect against loss.
- **Stock Investments Risk:** Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Different parts of the market can react differently to these developments. In addition, stock investments are subject to risk related to market capitalization as well as company-specific risk.
- **Long-Term Purchases Risk:** IARs often recommends that clients purchase investments with the intention of holding them for one year or longer. This recommendation is often because the IAR believes the investments to be undervalued at the time of purchase and/or because the IAR chooses to recommend exposure to a particular asset class over time, regardless of the current projection for such class. A risk of a long-term investment strategy is that by holding an investment for a longer period of time, the client is not able to take advantage of potential short-term gains. Moreover, if the analysis is incorrect, an investment can decline sharply in value before it is sold.
- **Volatility and Correlation Risks:** Clients should be aware that the IAR's asset selection process is

based in part on a careful evaluation of past price performance and volatility in order to evaluate future probabilities. However, it is possible that different or unrelated asset classes exhibit similar price changes in similar directions, which can adversely affect the client and become more acute in times of market upheaval or high volatility. Past performance is no guarantee of future results, and any historical returns, expected returns or probability projections do not reflect actual future performance.

- **Small-Cap Risk:** Historically, small-cap stocks have been riskier than large- and mid-cap stocks. Stock prices of smaller companies often are based in substantial part on future expectations rather than current achievements and can move sharply, especially during market upturns and downturns. Small-cap companies themselves often are more vulnerable to adverse business or economic events than larger, more established companies. During a period when small-cap stocks fall behind other types of investments — large-cap stocks, for instance—a client's small-cap holdings could reduce performance.
- **Fixed Income Risk:** Bonds offer return of principal if held to maturity, but any bond remains subject to the creditworthiness of the guarantor and, prior to maturity, the bond is subject to interest rate, inflation and credit risks.
- **Credit Risk:** Changes in the financial condition of an issuer or counterparty and changes in specific economic or political conditions that affect a particular type of security or issuer can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's credit quality or value. Lower quality debt securities and certain types of other securities involve greater risk of default or price changes due to changes in the credit quality of the issuer.
- **Municipal Bond Risk:** The municipal market can be affected by adverse tax, legislative, or political changes and the financial condition of the issuers of municipal securities. Municipal funds normally seek to earn income and pay dividends that are expected to be exempt from federal income tax. If a fund investor is a resident in the state of issuance of the bonds held by the fund, interest and dividends are sometimes exempt from state and local income taxes. Income exempt from regular federal income tax (including distributions from tax-exempt, municipal, and money market funds) is sometimes subject to state, local, or federal alternative minimum tax. Certain Funds normally seek to invest only in municipal securities generating income exempt from both federal income taxes and the federal alternative minimum tax; however, outcomes cannot be guaranteed, and the Funds sometimes generate income subject to these taxes. For federal tax purposes, a fund's distributions of gains attributable to a fund's sale of municipal or other bonds are generally taxable as either ordinary income or long- term capital gains. Redemptions, including exchanges, can result in a capital gain or loss for federal and/ or state income tax purposes. Tax code changes could impact the municipal bond market. Tax laws are subject to change, and the preferential tax treatment of municipal bond interest income could be removed or phased out for investors at certain income levels.
- **Quantitative Investing Risk:** Securities selected in mutual funds using quantitative analysis can perform differently from the market as a whole as a result of the factors used in the analysis, the weight placed on each factor, changes to the factors' behavior over time, market volatility, or the quantitative model's assumption about market behavior.
- **Derivatives Risk:** Some mutual funds selected contain derivatives, such as swaps and exchange-traded futures. Generally speaking, a derivative is a financial contract whose value is based on the value of a reference asset. Investments in derivatives subject these mutual funds to risks different from, and possibly greater than, those of the underlying securities, assets, or market indexes. Some derivatives involve leverage and provide investment exposure in an amount exceeding the initial investment. As a result, the use of derivatives causes these mutual funds to be more volatile, because leverage tends to exaggerate the effect of any increase or decrease in the value of a fund's portfolio securities.
- **International/Global Securities Risk:** Foreign investments expose the investor to currency risk and political, social and economic risks of the countries in which the securities are domiciled, in addition to the equity or debt nature of the securities involved.
- **Pooled Investments Risk:** Certain strategies invest in one or more pooled investment funds including

mutual funds, ETFs, UITs Real Estate Investment Trusts, etc. The client should read the offering documents (e.g., prospectus, offering memorandum, etc.) carefully to fully understand the various risks, investment objectives, expenses and other information about the company associated with the investment.

- **Trading Frequency Risk:** Frequent trading can result in short-term capital gains which are taxed at a higher rate than long term capital gains.
- **Market Trading Risks:** Exchange Traded Funds/Notes face various market trading risks. These include the potential lack of an active market for Fund shares, losses from trading in the secondary markets, periods of high volatility and disruption in the creation/redemption process of the Fund. As a result of any of these factors, among others, the Fund's shares can trade at a premium or discount to the NAV. For additional information please refer to the Fund's prospectus for more specific market trading risk
- **Legislative and Regulatory Risk:** Investments in the clients account can be adversely affected by new (or revised) laws or regulations. Changes to laws or regulations can impact the securities markets as a whole, specific industries and individual issuers of securities. The impact of these changes is not always known for some time.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in standardized products. There is a greater degree of illiquidity in those non-standardized products such as Alternatives, Structured and other products that are redeemed by the issuer's acceptance of a tender offer. **Structured Products Risks:** Structured products are a hybrid between two asset classes (typically in the form of a note or CD) but instead of having a predetermined rate of interest, the return is linked to the performance of an underlying asset class. Investing in structured products involves special risks, including, but not limited to, risks associated with derivative instruments. Other risks may include market risk, management and securities selection risk, investment objective and asset allocation risk, equity market risk, fixed income securities risk, credit risk, foreign issuer and investment risk, emerging market risk, commodities risk and currency risk. Structured products are complex investments that entail specific risks. As a result, they are not suitable for all investors.
- **Alternative Investment Risks:** Generally speaking, alternative investments employ various investment strategies for hedging and other speculative purposes and may also utilize techniques such as short selling, leverage, derivatives, and options, which can increase volatility and magnify the risk of investment loss. Alternative investments are therefore considered speculative and may involve a high degree of risk. These risks are potentially greater than and different from those associated with traditional equity or fixed income investments. Concentration in a few alternative investments further magnifies these risks. Please refer to the offering documents and/or prospectus and discuss the associated risks further with a MIN IAR. Alternative investments, including hedge funds, private equity, alternative mutual funds, non-traditional ETFs, managed futures, real estate investments, private credit and interval funds may present unique risks, such as decreased liquidity and transparency and increased complexity. The use of derivatives involves multiple risks. In addition, to the extent the alternative investment uses commodities as part of its investment strategy, the investment return may also vary as a result of fluctuations in the supply and demand of the underlying commodities. Real estate and related investments will be subject to risks generally related to real estate, including risks specific to geographic areas in which the underlying investments were made. Certain alternative investments may be less tax efficient than others. Each alternative investment is typically subject to internal fees including but not limited to management and/or performance fees, which affect the investments' net asset value and reduce the return that the Client will realize with respect to the investment. Additional risks may include, but are not limited to, style-specific risk, credit risk and lower quality debt securities risk, equity securities risk, financial services companies' risk, interest rate risk, non-diversification risk, small and mid-cap company risk and special risks of mutual funds and/or ETFs.
- **Cybersecurity Risk:** With the increased use of technologies to conduct business, corporate and personal technology are susceptible to information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events and arise from external or internal sources. Cyberattacks include but are not limited to gaining unauthorized access to digital systems (e.g., through "hacking" or

malicious software coding) for purposes of misappropriating assets or sensitive information; corrupting data, equipment or systems; or causing operational disruption. Cyberattacks are also carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber incidents affecting MIN, its affiliates or IARs, or any other service providers (including, but not limited to accountants, custodians, transfer agents, and financial intermediaries used by a fund or an account) have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with the ability to calculate net asset value (“NAV”), impediments to trading, the inability to transact business, destruction to equipment and systems, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting issuers of securities in which an Account invests, counterparties with which an entity engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers), and other parties.

- **Digital Assets/Bitcoin Risk Disclosures:** Digital assets represent a new and rapidly evolving industry. The value of digital assets depends on the acceptance of the digital assets, the capabilities and development of blockchain technologies and the fundamental investment characteristics of the digital asset. Digital asset networks are developed by a diverse set of contributors and the perception that certain high-profile contributors will no longer contribute to the network could have an adverse effect on the market price of the related digital asset. Digital assets may have concentrated ownership and large sales or distributions by holders of such digital assets could have an adverse effect on the market price of such digital assets. A substantial direct investment in digital assets may require expensive and sometimes complicated arrangements in connection with the acquisition, security and safekeeping of the digital asset and may involve the payment of substantial acquisition fees from third party facilitators through cash payments of U.S. dollars. Because the value of digital assets may be correlated with the value of Bitcoin, it is important to understand the investment attributes of, and the market for, the underlying digital asset. Please consult with an IAR. Investments in digital assets are speculative investments that involve high degrees of risk including a partial or total loss of invested funds and are not suitable for any investor that cannot afford loss of the entire investment.
- **Conflicts of Interest Risk:** Sponsors of investment products may engage in business practices that conflict with the interests of investors in their products. These practices can have a negative impact on the market price of the investment products. Clients are encouraged to review the prospectus or other disclosure documents for the investment product and also discuss with their IAR the risks that may apply to them.
- **Equity Securities Risk:** Strategies that invest in equity securities are subject to the risk that stock prices may fall over short or extended periods of time. Equity markets tend to move in cycles, and the value of each strategy’s equity securities may fluctuate drastically from day-to-day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. These factors contribute to price volatility, which is the principal risk of investing in the strategies that are offered.
- **Fixed Income Security Risk:** Clients considering a fixed income strategy generally seek consistent returns with lower risk, and their tolerance for risk/volatility will accept only infrequent, minimal losses. Because of the less volatile nature of the strategies, a fixed income investor may have a shorter investment horizon than equity and balanced Clients, although the objective can accommodate Clients with longer term investment horizons as well. Fixed income and bond fund Clients should carefully consider risks such as interest rate risk, credit risk, liquidity risk and inflation risk.
- **Interest Rate Risk:** Fixed income securities increase or decrease in value based on changes in interest rates. If rates increase, the value of these investments generally decline. On the other hand, if rates fall, the value of the investments generally increases. Securities with greater interest rate sensitivity and longer



maturities generally are subject to greater fluctuations in value. Variable and floating rate securities are generally less sensitive to interest rate changes than fixed rate instruments, but the value of variable and floating securities may decline if their interest rates do not rise as quickly, or as much, as general interest rates. Many factors can cause interest rates to rise or fall. Some examples include the Central Bank Monetary Policy (such as an interest rate increase/decrease by the Federal Reserve), rising inflation rates and general economic conditions.

- **Inflation Risk:** The risk is that the rate of inflation will exceed the rate of return on an investment. The investment value itself does not decline but its relative value does.
- **Default Risk:** An issuer's inability to remain solvent and pay any outstanding debt obligations in a timely manner. Adverse changes in the creditworthiness of the issuer (whether or not reflected in changes to the issuer's rating) can decrease the current market value and may result in a partial or total loss of an investment.
- **Mid Cap and Small Cap Company Risk:** The securities of mid or small cap companies may be subject to more abrupt or erratic market movements and may have lower trading volumes or more erratic trading than securities of larger sized companies or the market averages in general.
- **Emerging Markets Risk:** International investing bears greater risk due to social, economic, regulatory and political instability in countries in "emerging markets." Emerging market securities can be more volatile and less liquid than developed market securities. Changes in exchange rates and differences in accounting and taxation policies outside the U.S. can also affect returns. Investments in foreign currencies and foreign issuers are subject to additional risks, including political and economic risks, greater volatility, civil conflicts and war, currency fluctuations, higher transaction costs, delayed settlement, possible foreign controls on investment, expropriation and nationalization risks, and less stringent investor protection and disclosure standards. These risks are magnified in countries in "emerging markets."
- **Environmental, Social and Governance Consideration Risk:** ESG risk is the potential losses or negative impacts that can result from investing in companies, assets, or industries that do not align with environmental, social, and governance principles and market trends. Consideration of ESG factors in the investment process may cause an IAR or manager to forgo opportunities to recommend or invest in certain companies or to gain exposure to certain industries or regions. There is a risk that, under certain market conditions, a strategy pursuing strategies that consider ESG factors may underperform strategies that do not consider such factors.
- **Government Obligation Risk:** Client assets may be invested in securities issued, sponsored, or guaranteed by the U.S. Government, its agencies and instrumentalities. However, no assurance can be given that the U.S. Government will provide financial support to U.S. Government-sponsored agencies or instrumentalities where it is not obligated to do so by law. For instance, securities issued by the Government National Mortgage Association (Ginnie Mae) are supported by the full faith and credit of the federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) have historically been supported only by the discretionary authority of the U.S. Government. While the U.S. Government provides financial support to various U.S. Government-sponsored agencies and instrumentalities, such as those listed above, no assurance can be given that it will always do so.
- **Illiquid Securities and Liquidity Risk:** Liquidity represents the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, U. S. Treasury securities are highly liquid, while real estate properties are not.
- **Quantitative Strategy Risk:** Quantitative analysis uses complex mathematical models and statistics to analyze past events to make investment decisions about security performance (or larger market movements) in the future. Common risks encountered in using quantitative analysis are that the models used are based on assumptions that prove to be incorrect, and that the underlying sets of historical data utilized by the manager are incomplete.
- **Technical Strategy Risk:** Technical analysis involves the use of statistical data, and trends in that data,

to identify trading opportunities. Technical analysis does not consider the underlying financial condition of a company, or the intrinsic value of its securities. This type of analysis presents a risk in that a poorly managed or financially in sound company may underperform regardless of larger movements in the market.

- **Concentration Risks:** When assets are invested in a small number of issuers, specific asset type or overly exposed to particular sectors, industries or geographic regions that may create more vulnerability to unfavorable developments in these issuers, asset type, sectors, industries or geographic regions and greater risk of loss than those that are more broadly invested.
- **Frequent Trading and Portfolio Turnover Risks:** The turnover rate within the Advisory Program account may be significant. Frequent trades may result in higher transaction costs, including substantial brokerage commissions, fees, and other transactions costs. In addition, frequent trading is likely to result in short-term capital gains tax treatment. As a result, frequent trading and portfolio turnover in an Advisory Program account may have an adverse effect on the cost and therefore the return on the Advisory Program account.
- **Infrequent Trading/Low Portfolio Turnover Risk:** Advisory Program accounts may trade infrequently and experience low trading/turnover. As set forth elsewhere in this brochure, wrap fees charged are intended to cover various service, including trade execution. If a specific Clients Program account experiences low trading/turnover, the Client may not realize the full benefit of wrap fee paid with respect to such wrap account. Clients are encouraged to discuss the expected and/or historical level of trading with their IAR when evaluating the cost of a proposed or existing wrap account.
- **High Yield/Junk Bond Risk:** Certain investment strategies invest in securities and instruments that are issued by companies that are highly leveraged, less creditworthy, or financially distressed. These investments are considered speculative and are subject to greater risk of loss, greater sensitivity to interest rate and economic changes, valuation difficulties and potential illiquidity.
- **Mutual Fund and/or ETF Risk:** A common risk of mutual fund and/or ETF analysis is that, as with other securities investments, past performance does not guarantee future results. A manager who has been successful in identifying profitable opportunities among mutual funds may not be able to replicate that success in the future. In addition, MIN does not control the underlying investments in a mutual fund or ETF, manager of different funds held by the client may purchase the same security, creating concentrated exposure for the client to that security and increasing the risk to client if that security were to fall in value. There is also risk of a manager deviating from the stated investment mandate or strategy of the mutual fund or ETF, which could make the holding(s) less suitable for the client's portfolio.
- **Technology Risk:** The offerings within the Programs are dependent upon various computer and telecommunication technologies, many of which are provided by or are dependent on third parties. The successful operation the Program could severely compromised by system or component failure, telecommunication failure, power loss, a software related system crash, unauthorized system access or use (such as "hacking"), computer viruses and similar programs, fire or water damage, human errors in using or accessing relevant systems, or various other events or circumstances. It is not possible to provide comprehensive and foolproof protection against all such events, and no assurance can be given about the ability of applicable third parties to continue providing their services. Any event that interrupts such computer and/or telecommunication systems or operations could have a material adverse effect on the Program. Such a material adverse effect may have a heightened impact on some of the Programs give the automated nature of the services provided.
- **Insurance Carrier Risk:** The risk associated with an insurance carrier's financial strength in meeting current, ongoing and senior financial obligations, which are obligation to policy/contract holders. An insurance carrier's balance sheet strength, operating performance and financial profile are major factors that quantify an insurance carrier's financial strength.
- **Derivative Instrument Risk:** The value of options, convertible securities, futures, swaps, forward

contracts and other derivative instruments is derived from an underlying asset such as a security, commodity, currency, cryptocurrency, or index. Derivative instruments often have risks similar to the underlying asset, however, in certain cases, those risks are greater than the risks presented by the underlying asset. Derivative instruments may experience dramatic price changes and imperfect correlations between the price of the derivative and the underlying asset, which may increase volatility. Derivatives generally create leverage, and as a result, a small movement in the underlying asset's value can result in large change in the value of the derivative instrument. Derivatives are also subject to liquidity risk, interest rate risk, market risk, credit risk, management risk and counterparty risk. The use of these instruments is not appropriate for some clients because they involve special risks. A Client should not invest in these instruments unless the Client is prepared to experience volatility and significant losses in the account.

- **Non-Traditional Assets Risk:** Non-Traditional Assets, such as commodities, currencies, cryptocurrencies, securities indices, interest rates, credit spreads and private companies, are subject to risks that are different from, and in some instances, greater than, other assets like stocks and bonds. Some Non-Traditional assets are less transparent and more sensitive to domestic and foreign political and economic conditions than more traditional investments. Non- Traditional Assets are also generally more difficult to value, less liquid, and subject to greater volatility compared to stocks and bonds.
- **Commodities Risk:** Investments in commodities markets or a particular sector of the commodities markets, and investments in securities or other instruments denominated in or indexed or lined to commodities, are subject to certain risks. Those investments generally will subject a Client Account to greater volatility than investments in traditional securities. The commodities markets are impacted by a variety of factors, including changes in overall market movements, domestic and foreign political and economic conditions, interest rates, inflation rates and investment and trading activities in commodities. Prices commodities may also be affected by factors such a drought, floods, weather, livestock disease, embargoes, tariffs and other regulatory developments. The prices of commodities can also fluctuate widely due to supply and demand disruptions in major producing or consuming regions. Certain commodities may be produced in a limited number of countries and may be controlled by a small number of producers or groups of producers. As a result, political, economic and supply related events in such countries could have a disproportionate impact on the prices of such commodities. No active trading market may exist for certain commodities investments, which may impair the value of the investments.
- **Currency Risk:** Changes in foreign currency exchange rates will affect the value of certain portfolio securities. Generally, when the value of the U.S. dollar rises in value relative to a foreign currency, an investment impacted by that currency loses value relative to a foreign currency, an investment impacted by the currency loses value because that currency is worth less in U.S. dollars. Currency exchange rates may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates. Devaluation of a currency by a country's government or banking authority also will have a significant impact on the value of any investments denominated in the currency. Currency markets generally are not as regulates as securities markets, may be riskier than other types of investments and my increase the volatility of a portfolio.
- **Hedging Risk:** Hedging techniques involve risk such as the possibility that losses on the hedge may be greater than the gains in the value of the positions of the Program account.
- **Exchange Traded Notes Risk:** Risks of investing in exchange traded notes include, among others, index or benchmark complexity, price volatility, market risk associated with the index or benchmark, uncertain principal repayment based on the issuing financial institution and potential illiquidity. Please ask a MIN IAR for the ETN prospectus for a description of the specific index or benchmark to which its performance is linked as well as a description of the risks of investing in the ETN and any of the non-traditional or complex investment strategies that the ETN follow or seeks to replicate.
- **Exchange Traded Fund Risk:** There may be a lack of liquidity in certain ETFs which can lead to a large difference between the bid-ask prices (increasing the cost to a Client when they buy or sell the ETF). A lack of liquidity can cause an ETF to trade at a large premium or discount to its net asset value. Additionally,

an ETF may suspend issuing new shares and this could result in an adverse difference between the ETF's publicly available share price and the actual value of its underlying investment holdings. At times when underlying holdings are traded less frequently, or not at all, an ETF's returns also may diverge from the benchmark it is designed to track.

- **Managed Futures Risk:** Managed futures strategies may seek exposure to different asset classes, such as equity securities, fixed income securities, commodities, currencies, interest rates and indices. Investing in managed futures involves risks, including but not limited to, liquidity risk and risks associated with commodities, currencies and other non-traditional assets, leverage, derivative instruments, and complex strategies. Other risks may include market risk, fixed income securities risk, interest rate risk, credit risk, foreign issuer and investment risk and emerging market risk. Investors investing in these strategies should have a high tolerance for risk, including the willingness and ability to accept significant price volatility, potential lack of liquidity and potential loss of their investment. **Master Limited Partnership Risk:** Investments in Program Accounts in securities of MLPs involve risks that differ from investments in common stock, including limited control and limited voting rights; dilution; compulsory redemptions at an undesirable time or price because of regulatory changes; and greater price volatility.
- **Climate Change Risk:** Climate change, its physical impact, and related regulations could result in significantly increased operating and capital costs that could materially impact certain portfolio companies of Program account.
- **Key Personnel Risk:** Advisory Program Accounts rely on certain key personnel who may leave or become unable to fulfill certain duties.

Clients should understand that investing in any security involves a risk of loss of both income and principal. There can be no assurance that the IAR's or MIN's investment advice and recommendations will be successful or that Client's investment objective will be achieved.

### **Client Information Provided to Investment Managers and Insurance Carriers**

#### **Information Provided to Envestnet**

When the client establishes an Advisory Services Group Program account, MIN will send various information about the client and their account to Envestnet (including the name, address, account assets, whether or not the account is taxable, state/country of residence, the Clients Statement of Investment Selection, any applicable restrictions and the account activity). Upon acceptance of the account, Envestnet will forward the foregoing information on to the Investment Manager in order for the Investment Manager to effectively manage the account. Model Providers are not provided with Client specific information, except for the brokerage number, account size and information about the Clients IAR. In some cases, MIN also sends the Investment Manager duplicate brokerage statements and/or confirmations.

#### **Client Contact with Investment Managers and Insurance Carriers**

The clients IAR will be their primary point of contact for addressing any questions or concerns relating to their managed account. If the client is enrolled in a program that employs an Investment Manager or Insurance Carrier, MIN imposes no limitations on a client's ability to consult their Investment Manager(s) or Insurance Carrier, directly, but they are encouraged to first contact their IAR.

### **Disciplinary Information**

Below is notice of certain regulatory and legal settlements entered into by MIN and/or its affiliates:

In March 2013, SWST (now HTS) reached a settlement agreement with FINRA after allegations were made that the firm bought or sold municipal securities from customers at prices that were not considered fair given the current market conditions and also failed to properly report certain trades within the required time period. In addition, FINRA further alleged that the firm's supervisory system with respect to the alleged conduct was insufficient. The firm agreed to a censure, \$77,500 fine and \$32,167.14 restitution plus interest.

In August 2013, SWST (now HTS) reached a settlement agreement with FINRA for failure to transmit last sale reports to the appropriate trade reporting facility within the required time period. The firm agreed to a \$5,000 fine.

In November 2013, SWST (now HTS) reached a settlement agreement with FINRA for failing to execute the proper and timely close out of short positions creating a fail-to-delivery position in violation of FINRA rules

relating to Regulation SHO. SWST agreed to a censure and \$10,000.00 fine.

In June 2014, SWST (now HTS) reached a settlement agreement with FINRA for failing to report the correct time of trade executions as required and failure to properly maintain record of the time of execution as required within the Firm's records. SWST agreed to a censure and \$12,500.00 fine.

In October 2014, SWST (now HTS) reached a settlement with FINRA for failure to, within 30 seconds of execution, transmit last sale reports of transactions to the NASDAQ Trade Reporting Facility. FINRA further alleged that the firm failed to report the correct time of execution. The firm agreed to a censure and a fine of \$17,500 and agreed to revise its Written Supervisory Procedures relative to the trade reporting of NMS Securities

In July 2015, affiliate FSC reached a settlement agreement with FINRA for failing to deliver Exchange Trade Fund Prospectuses to its own customer at the time of delivery of the security in contravention of Section 5 of the Securities Act of 1933. FSC agreed to a censure and \$450,000 fine.

In August 2015, an extended hearing panel decision was made to fine SWSFS (now MIN) \$50,000. The sanction was based on the findings that the firm's Supervisory system and its procedures were not reasonably designed to achieve compliance with rules relating to the suitability review process for certain variable annuity transactions and the time for transmitting Variable Annuity Transactions to the issuer. The findings also stated that the firm failed to implement adequate surveillance procedures to monitor its representatives. The panel also stated in the decision that FINRA did not prove that the firm lacked policies and procedures reasonably designed to implement corrective measures to address inappropriate exchanges to the conduct associated with the persons that engaged in inappropriate states. Further the decision stated that FINRA did not provide that the firm's principals who reviewed the transactions lacked reasonable basis to believe the transactions were suitable for the customers or that the firm failed to document adequate training policies for its principals who reviewed Variable Annuity Transactions.

In February 2016, the SEC instituted a cease-and-desist proceeding against affiliate SWST (Now HTS). The SEC found that SWST willfully violated section 17(A)(2) of the Securities Act by conducting inadequate due diligence in certain offerings and as a result failed to form a reasonable basis for believing the truthfulness of certain material representations in official statements issued in connection with those offerings. This resulted in the firm offering and selling municipal securities on the basis of materially misleading disclosure documents. The violations were self-reported by SWST to the commission pursuant to the SEC's municipalities continuing disclosure cooperation initiative (MCDC). The firm was censured and paid a fine in the amount of \$360,000 and is required to retain an independent consultant to conduct a review of the firm's policies and procedures as they relate to municipal securities underwriting due diligence.

In March 2016, the SEC instituted a cease-and-desist proceeding against affiliate, FSC. The SEC identified violations by FSC relating to the Fair Dealing and Financial Advisory Agreement rules of the MSRB in connection with financial advisory services rendered by FSC to its municipal client during the time frame March through November 2010. Specifically, during the aforementioned time frame FSC rendered advisory services to the municipal client in connection with a 2010 bond issuance but failed to memorialize, through a written agreement, the specific services or tasks that FSC would provide in connection with the bond issuance until seven months into the financial advisory relationship. FSC was ordered to pay disgorgement of \$120,000, prejudgment interest in the amount of \$22,400 and a civil money penalty in the amount of \$50,000.

In May 2016, HTS reached a settlement with FINRA for failing to provide appropriate disclosures to clients, at the time of trade, when the client was affecting a bond transaction for quantities below the required minimum denomination. While the firm had written procedures in place which prohibited the sale of municipal securities to customers below the minimum denomination, subject to certain exceptions, it did not have any systems or controls in place to prohibit sales below the minimum denomination. The firm agreed to a censure and fine in the amount of \$40,000.

In November 2016, HTS reached a settlement with FINRA for failing to disclose the material aspects of its relationships with its execution venues as it pertains to "payment for order flow" arrangements. The firm is required to describe the material terms of the arrangements such as any amounts per share or per order that the firm receives. As a result of the firm's failure to disclose the payment terms for these relationships, the firm violated SEC Rule 606 of Regulation NMS. The firm agreed to a censure, and a

\$10,000 fine.

In April 2019, affiliate broker-dealer Hilltop Securities Inc. (HTS) reached a settlement with the CBOE/BZX exchange for failing to report reportable positions in expiring options, mistakenly deleting the positions in its large option position reporting system submissions that were set to expire on the following day or failing to report positions that the firm had added or modified on the expiration date. The firm agreed to a censure, and a \$37,500 fine.

In September 2019, affiliate broker-dealer Hilltop Securities Inc. (HTS), reached a settlement with FINRA for failing to establish procedures to ensure that customers received in writing the initial disclosure stating the annual rate or rates of margin interest that could be imposed prior to opening their margin account and failed to establish, maintain, and enforce a supervisory system designed to achieve compliance with Rule 10b-16(a)(1). As a result, HTS violated SEC Rule 10b-16(a)(1) and FINRA Rules 3110(a) and (b) and 2010. The firm agreed to a censure, and a \$250,000 fine.

In September 2019, Momentum Independent Network Inc. (MIN) and affiliate broker-dealer Hilltop Securities Inc., jointly and severally, paid disgorgement of \$736,497.48 and prejudgment interest of \$74,287.92 for a total of \$810,785.40. The U.S. Securities and Exchange Commission (SEC) brought numerous actions against investment advisers over the past several years that failed to make required disclosures, or the disclosures made were not written in a clear enough manner, related to its selection of mutual fund share classes that paid certain fees, known as 12b-1 fees, to representatives when a lower cost share class was available for the same fund that did not make those payments. 12b-1 fees are sometimes also described as distribution and marketing fees and are generally paid to brokerage firms for distribution and shareholder services. As a result of these actions and related findings, the SEC implemented the Share Class Selection Disclosure initiative to allow firms to self-report circumstances in which the disclosures do not meet the SEC's requirements.

After conducting a review of its advisory business, HTS addressed this issue in January 2018 by enhancing its investment advisory programs to rebate to customers any 12b-1 fees paid by mutual funds held in managed accounts and by making disclosures regarding the 12b-1 payments.

Although HTS did make disclosures regarding mutual fund 12b-1 payments, without admitting or denying the findings in the order, the SEC has indicated that the disclosures were not clear enough for investors to make an informed decision regarding offered advisory services and payments.

As a result of the SEC's decision regarding these fees and disclosures, without admitting or denying the findings, HTS accepted an offer from the SEC to settle this matter and agreed to the entry of an order which included HTS to return certain 12b-1 fees and interest charged to investors in managed accounts from January 2014 through January 2018.

In agreeing to participate in this initiative, HTS will not be subject to a regulatory fine by the SEC.

On August 14, 2024, the Securities and Exchange Commission ("SEC") entered into a settlement order with Hilltop Securities Inc. ("Hilltop"), an affiliate of Momentum Independent Network, to settle an administrative action finding that Hilltop failed to (1) maintain and preserve off-channel communications related to Hilltop's broker-dealer business, as well as related to recommendations made or proposed to be made and advice given or proposed to be given with respect to Hilltop's investment advisory business; and (2) reasonably supervise its personnel with a view to preventing or detecting certain of its personnel's aiding and abetting violations of certain provisions of the federal securities laws. Hilltop admitted to the facts in the settlement order, acknowledged its conduct violated the federal securities laws, and agreed to: (a) a cease-and-desist order, (b) a censure, (c) payment of a civil monetary penalty in the amount of \$1,600,000, and (d) certain undertakings related to the retention of electronic communications.

#### **Related Items:**

<https://www.sec.gov/litigation/admin/2019/ia-5393.pdf>

In June 2020, affiliate firm HTS reached a settlement with FINRA for failure to establish and implement an anti-money laundering ("AML") compliance program that was reasonably designed to detect and report suspicious trading activity in low-priced securities. FINRA alleged that HTS failed to conduct reasonable reviews of low-priced securities activity for the purposes of determining if a Suspicious Activity Report should be filed. The same settlement agreement also applied to the Firm's failure to submit required regulatory filings to the MSRB's EMMA

system and G-17 disclosure letters to issuers in connection with primary offerings of municipal securities. HTS agreed to a \$475,000.00 fine (\$375,000 for AML and \$100,000 for the municipal offerings), censure and to retain an independent consultant to conduct a review of the reasonableness of its policies, systems and procedures related to the AML matter.

In July 2021, affiliate broker dealer HTS reached a settlement with the Securities and Exchange Commission for failing to reasonably supervise a registered representative in connection with retail order periods for negotiated new issue municipal bonds. Between January 2016 and April 2018, HTS personnel obtained bonds for trading inventory accounts by placing orders with a co-managing underwriter during the retail order period. The retail order period is designed to grant first priority to retail investors for new issue municipal bonds. By placing the orders in this manner, the senior managing underwriter was unaware that bonds were being purchased for trading inventory accounts. HTS agreed to a \$85,000.00 civil penalty, \$206,606 disgorgement, \$48,587 prejudgment interest, a censure and cease and desist injunction.

In August 2023, Momentum Independent Network Inc., an affiliate of Hilltop Securities Inc., was issued a \$2500 civil fine by the State of Maine for failing to perform a required onsite inspection for one (1) Branch Office location.

### **Other Financial Industry Activities and Affiliations**

MIN is a wholly owned subsidiary of Hilltop Securities Holdings LLC, a Delaware limited liability company. Hilltop Securities Holdings LLC is a wholly owned subsidiary of Hilltop Holdings Inc. ("HTH"), a Dallas-based financial holding company. Through HTH's wholly owned subsidiary, PlainsCapital Corporation, a regional commercial banking franchise, it has two operating subsidiaries: PrimeLending and PlainsCapital Bank ("PCB"), including its subsidiary PlainsCapital Securities, LLC. MIN and HTS provide a full complement of securities brokerage, institutional and investment banking services in addition to clearing services and retail financial advisory. HTH also

has other wholly owned direct and indirect subsidiaries which are not material to the advisory business of MIN and HTS.

Affiliates of MIN that are material to MIN's advisory business include:

- Hilltop Securities Inc., a dually registered Broker-Dealer and Registered Investment Adviser
- Hilltop Securities Asset Management, LLC, a Registered Investment Advisor
- Hilltop Securities Insurance Agency, Inc., a licensed insurance agency

MIN, through its affiliation with Hilltop Securities Insurance Agency ("HSIA"), will earn commission-based compensation for selling insurance type products, such as life, disability, long term-care insurance, and fixed and variable annuities. In addition, some IARs are also licensed and operate as insurance agents and receive commission-based compensation for the sale of these types of products. Insurance commissions earned by IARs from the sale of these products are separate and in addition the firms' advisory fees. Therefore, the sale of insurance and annuity products presents a conflict of interest because IARs who are also insurance agents have an incentive to recommend insurance and annuity products to the client for the purpose of generating commissions. The client is under no obligation to purchase products or services recommended by MIN or IARs of MIN in connection with any advisory service that MIN offers.

MIN also has arrangements with NYS which are material to its advisory business. HTS and MIN are affiliated due to their common ownership by HTH. HTS is the sponsor of the MIN Advisory Programs through a co-advisory arrangement.

For all Programs sponsored by HTS, HTS retains a portion of the Program fee for performing administrative services (such as reporting, record keeping, and fee billing administration). The portion of the Program fee retained by HTS generally ranges from 0.10% to 0.35% (annual rate) of the Account Value of each Program.

PlainsCapital Bank ("PCB") is an affiliate of MIN, both of which are under HTH's common control. MIN has entered into an agreement with PCB for brokered deposit services. In addition, PCB pays certain marketing and administrative fees to MIN in exchange for marketing money market funds to certain MIN clients.

### **Code of Ethics, Participation in Client Transactions and Personal Trading**

#### **Code of Ethics**

MIN has adopted a Code of Ethics that governs a number of potential conflicts of interest the firm has when providing advisory services to the client. Our Code of Ethics is designed to ensure that MIN meets their fiduciary obligations to the client and to foster a culture of compliance throughout MIN.

The Code of Ethics is comprehensive and is designed to help detect and prevent violations of securities laws and to help ensure that client interests are first at all times. The firm distributes the Code of Ethics to each supervised person at MIN on an annual basis. It remains available to each supervised person for as long as they remain associated with MIN; and ensure that updates to the MIN Code of Ethics are communicated to each supervised person as changes are made. MIN Code of Ethics asserts that all supervised persons have a fiduciary responsibility to clients, and they must always adhere to federal securities laws. The Code also covers client confidentiality, gifts, undue influence in personal securities transactions and use of client or company assets to benefit one personally.

Additionally, the Code mandates monitoring, review, reporting and sanctions for violations of the Code of Ethics. MIN will provide a copy of the Code of Ethics to any client or prospective client upon request.

### **Personal Trading**

MIN and its officers, directors, employees and affiliates can buy or sell securities for themselves that they also recommend to clients. MIN receives duplicate confirmations for all trades conducted by MIN personnel and reviews them for potential conflicts of interests.

### **Participation or Interest in Client Transactions & Principal Trades**

MIN, as a broker-dealer, can act as an agent or, where permitted by law, or principal (including instances wherein MIN is an underwriter or selling group member). Even though MIN is permitted by contract or by law to do so, as a matter of policy, MIN generally does not execute principal trades or agency cross transactions in the firm's advisory programs. Although in some instances, MIN can provide a more favorable market price to the client if the firm participates in principal trade or an agency cross transaction with client accounts, MIN does so only when consistent with the firm's obligations to seek best execution, due to regulatory requirements, when executing such transactions.

Therefore, the client will not have access to new issues or syndicate offerings in these accounts. The client may make such purchases in a retail brokerage account, and they should be aware that they will be subject to the customary fees and compensations charged in such accounts.

In case-by-case exceptions, in which MIN enters into principal trades or agency cross transactions, MIN will provide specific disclosures and obtain Client consent. If the transaction is a principal transaction in which HTS is a market maker in the security, MIN will provide the Client with disclosure regarding the capacity in which MIN is acting and obtain their consent before completing such transaction. MIN relies on codes and restrictions in the firms' systems as well as additional software to prevent non-permissible principal trades. In some instances, MIN does not act as an investment advisor (according to Section 206(3) of the Investment Adviser Act of 1940) with respect to an advisory program transaction if the transaction is directed to MIN by a nonrelated Investment Manager, to whom the client has granted discretionary trading authority and MIN does not recommend, select or play a role, direct or indirect, in the Investment Managers selection of particular securities to be purchased for, or on behalf of, program clients. MIN has implemented systems and procedures that are designed to comply with the policy stated above and to monitor related activities.

MIN also has the discretion to affect cross-transactions between client accounts, where one client purchases a security held by another client. Neither MIN nor any related party receives any compensation in connection with a cross-transaction. MIN will affect these transactions only when MIN deems the transaction to be in best interests of both clients and at prices the firm has determined to reflect their value.

The client should understand that, to the extent permitted by applicable law, MIN can, in transactions involving the clients' securities, act as agent while also representing another client of MIN on the other side of the transaction ("Agency Cross-Transaction") provided, however, that no such Agency Cross-Transaction will be affected for the Program Accounts of any ERISA Plan or an individual retirement account.

If the transaction is an Agency Cross-Transaction, in which MIN acts as the client's broker or agent by purchasing or selling securities from or to one of our brokerage customers, MIN will obtain the clients written consent and will provide the client with a written confirmation at or before the completion of the transaction. The confirmation will describe the nature of the transaction, plus information about its date and time, and the remuneration that the



Investment Adviser or another person received as a result. At least annually, MIN will provide the client a written disclosure statement identifying the total number of such Agency Cross-Transactions for their account during the period, and the total amount of all commissions or other remuneration MIN received or will receive in connection with these transactions, if any.

MIN generally will not affect Agency Cross-Transactions between clients if MIN has recommended the security to both clients. Such Agency Cross-Transactions has a potential of conflicting division of loyalty and responsibility regarding both parties to the Agency Cross-Transaction. Such transactions are generally limited brokerage (non-advisory) clients only unless specific consent by the client has been granted to the transaction in accordance with regulatory requirements. MIN sometimes has a financial interest in securities or investment products that MIN's IARs recommend to advisory clients. In certain cases, the products may only be used with restrictions within the advisory programs.

Principal trades and Agency Cross-Transactions are also subject to additional restrictions, procedures and controls that are in place for the securities transactions in advisory accounts. MIN seeks to obtain the best execution for each of the firms' advisory clients.

As a matter of firm policy, HTSPM will not engage in Principal or Cross Transactions.

### **Registration as a Broker-Dealer**

MIN, a full-service broker-dealer and investment adviser, provides fully disclosed securities clearing, securities brokerage and investment banking. As a registered broker-dealer, MIN is a member of Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). As an introducing broker, MIN engages in retail securities transactions for investment advisory and non-investment advisory clients, along with certain other activities normally associated with a broker-dealer. In this capacity, MIN receives certain fees and commissions, including a share of commissions for effecting client transactions. Any such fees are separate to the advisory fees a client pays MIN for the provision of investment advisory services.

IARs are also associated with MIN as registered representatives. IARs are permitted to recommend the purchase of securities offered by MIN as a securities broker-dealer. If a Client purchases these products through these individuals as registered representatives in regular brokerage accounts, they will receive normal commissions, including 12b-1 fees for the sale of investment company products, which are separate to the advisory fees the client pays. As such, IARs have incentive to sell the Client commissionable products in addition to providing them with advisory services when such commissionable products may not be suitable. Therefore, a conflict of interest exists between their interests and the Client interests. While MIN securities sales are reviewed for suitability by an appointed supervisor, a Client should be aware of the incentives the firm has to sell certain securities products, and the Client is encouraged to ask MIN about any existing or potential conflict of interest. Please be aware that the Client is under no obligation to purchase products or services recommended by MIN or IARs of MIN in connection with providing the Client with any advisory service that MIN offers.

The Client may obtain information about their IAR, their licenses, educational background, employment history, and if they have had any disciplinary issues or received serious complaints from investors through the FINRA BrokerCheck service available from FINRA at [www.finra.org](http://www.finra.org), or from the Securities and Exchange Commission at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

In addition, some of our IARs hold educational credentials, such as the Certified Financial Planner<sup>TM</sup> (CFP®) designation. Holding a professional designation typically indicates that the IAR has completed certain courses or continuing education. However, an IAR's professional designation does not change the obligations of MIN or the IAR in providing investment advisory or brokerage services the Clients.

### **Registration as an NFA Introducing Broker-Dealer**

MIN is registered as an introducing broker and is member of the National Futures Association ("NFA"), which is the self-regulatory organization for the U.S. Futures Industry.

### **Brokerage Practices – Best Execution**

MIN renders investment advice to its clients on a nondiscretionary and discretionary basis, pursuant to client's advisory agreement. In MIN's advisory programs the client will appoint one or more firms to serve as a broker-dealer and/or custodian. The following firms are used to provide brokerage and custodian services with respect to accounts managed by MIN.

## **HTS**

Clients generally appoint HTS as sole and exclusive broker for execution transactions, this relationship is referred to as directed brokerage. HTS will also be a clearing firm and custodian of the client's account. Through directed brokerage, MIN has benefits where it requires a client to utilize the services of an affiliated broker/custodian. The directed brokerage relationship can create a conflict of interest as programs implemented through the affiliated broker-dealers pay commissions and/or transaction charges that are higher or lower than at other broker-dealers. This directed brokerage agreement is reflected in the client's advisory agreement. Not all investment advisers who are dually registered as broker-dealers or who have affiliated broker-dealers require their Clients to use the adviser's broker-dealer to execute transactions.

In placing orders for purchase and sale of securities and directing brokerage to affect these transactions, HTS's primary objective is to seek prompt execution of orders at the most favorable prices reasonably obtainable. Sub-managers in the Passport Series/Momentum Pathways/Gateway FSP Programs have discretion to cause trades to be executed by broker-dealers other than with HTS if the investment manager reasonably determines in good faith that using another broker-dealer is likely to result in better execution than if the trades were executed by HTS. Occasionally, in order to seek best execution and minimize market impact, trades can be "stepped-out" in order to gain best execution and minimize market impact. In some instances, stepped-out trades are executed by the other firms without any additional commission or markup or markdown, but in other instances, the executing firm can impose a commission or a markup on the trade. If a client's investment manager steps-out trade orders for the client's account with a broker-dealer other than HTS, and the other broker-dealer imposes a commission or equivalent fee on the trade (including a commission embedded in the price of the investment), the client will incur trading costs in addition to the advisory fee. Neither MIN or HTS are a party to step-out trades and are not in a position to negotiate the price or transaction related cost(s) with the broker, dealer or bank selected by the sub-manager for these trades.

Securities transactions in client accounts participating in the MIN Programs are generally affected on a "net" basis (i.e., without commissions), and a portion of the fee is generally paid for advisory services provided. Clients will generally pay an asset-based fee for the brokerage/custody/clearing services provided by MIN as the broker/custodian (as opposed to transaction-based fees such as commissions), and those fees are generally included in the Program Fee for a client. To the extent that such fees are not included in the Program Fee, the client will be so informed in writing. Please refer to Fees and Compensation section for details regarding fee arrangements.

MIN receives no soft-dollar compensation.

Brokerage practices and best execution for HTSPM is detailed above in the brochure.

## **Schwab**

Certain clients' accounts participating in the Partner - TPC Program will utilize Charles Schwab for brokerage and custodial services associated with MIN's investment advice. MIN is not affiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities when MIN or the clients Adviser instructs them to do so. Client will open an account with Schwab by entering into account agreements directly with them. The client opens the accounts with Schwab. The account will always be held in the name of the client and never in MIN Advisers' name.

### **Client Brokerage and Custody Costs**

For MIN clients' accounts that Schwab maintains, Schwab generally does not charge separately for custody services. However, Schwab receives compensation by charging ticket charges or other fees on trades that it executes or that settle into clients' Schwab accounts. MIN has determined that having Schwab execute the Program trades is consistent with the firm's duty to seek "best execution" of client trades. Best execution means the most favorable terms for a transaction based on all relevant factors. Please refer to the Schwab Best Execution Policy for more information.

### **Products and Services Available to MIN from Schwab**

Schwab Advisor Services is Schwab's business serving independent investment advisory firms like MIN. They provide MIN Advisers and the firm's clients with access to its institutional brokerage, trading, custody, reporting, and related services, many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help the firm manage or administer the clients' accounts.

These services made available from Schwab are not any different than those provided by HTS and MIN to MIN Advisers. The firm believes that the selection of Schwab as custodian and Broker for the MIN Partner – TPC Program is in the client’s best interest. MIN Advisers will always act in the best interest of their clients and act as a Fiduciary in carrying out services to clients. The Partner – TPC Program is only available to select group of approved Advisers.

Following are more detailed descriptions of Schwab’s support services:

#### **Services that Benefit our Clients**

Schwab’s institutional brokerage services include access to a broad range on investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which the firm might not otherwise have access or that would require a significantly higher minimum initial investment by the firm’s clients. Schwab’s services described in this paragraph generally benefit MIN clients and their accounts.

#### **Services that may not directly benefit our Clients**

Schwab also makes available to MIN other products and services that benefit the firm but may not directly benefit MIN clients or their accounts. These products and services assist MIN in managing and administering the client’s accounts. They include investment research, both Schwab’s own and that of third parties. MIN may use this research to service all or a substantial number of the firm’s clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

1. Provide access to client account data (such as duplicate trade confirmations and account statements)
2. Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
3. Provide pricing and other market data
4. Facilitate payment of our fees from our clients’ accounts
5. Assist with back-office function, recordkeeping, and client reporting

#### **Services that Generally Benefit only MIN**

Schwab also offers other services intended to help MIN manage and further develop the firm’s business enterprise. These services include:

1. Educational conferences and events
2. Consulting on technology, compliance, legal and business needs
3. Publication and conferences on practice management and business succession
4. Access to employee benefit providers, human capital consultants and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to MIN. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party’s fees. Schwab may also provide MIN with other benefits, such as occasional business entertainment of our personnel.

#### **MIN interest in Schwab’s Services**

The availability of these services from Schwab benefits MIN because the firm does not have to produce or purchase them. These services are not contingent upon MIN committing any specific amount of business to Schwab in trading commissions. MIN believes that our selection of Schwab as custodian and broker is in the best interests of MINs clients.

Some of the products, services and other benefits provided by Schwab benefit MIN IAR and may not benefit MIN client accounts. The firm’s recommendation or requirement that the client place assets in Schwab’s custody may be based in part on benefits Schwab provides to the firm, or MIN’s agreement to maintain certain assets under management at Schwab, and not solely on the nature, cost or quality of custody and execution services provided by Schwab.

MIN will place trades for the firm’s clients’ accounts subject to its duty so seek best execution and its other fiduciary duties. Schwab’s execution quality may be different than other custodians.

### **TAMs (Third-party asset managers)**

For the Explorer Program Client hereby designates the TAM as its broker-dealer for Client's Program Account(s) to provide trade execution services. Client acknowledges and understands that the TAM will providing both investment advisory and brokerage services, and expressly authorizes the TAM to execute transaction consistent with the TAM's duty of best execution. MIN encourages the client to carefully review the TAMs disclosure brochures relating to the brokerage services they provide and their best execution policy.

### **Payment for Order Flow**

MIN's clearing firm and affiliate Hilltop Securities Inc. ("HTS") may receive remuneration in return for directing some customer orders for execution to particular exchanges or market centers. This remuneration, known as payment for order flow, is considered compensation to HTS and may include non-cash items such as reciprocal arrangements, discounts, rebates or reductions or credits against fees that would otherwise be payable in full by HTS as a clearing firm. This arrangement creates a conflict of interest for HTS to route orders to certain exchanges or market centers in exchange for such compensation. Order routing statistics required under SEC rules are available on our website at [www.hilltopsecurities.com/momentum-independent-network-inc-disclosures/order-routing-disclosure](http://www.hilltopsecurities.com/momentum-independent-network-inc-disclosures/order-routing-disclosure).

### **Order Aggregation & Block Orders**

In order to seek a more advantageous net price, it is MINs practice to aggregate, when feasible, orders for purchase or sale of a particular security for accounts of several program clients for execution as a single transaction. Any benefit to such aggregation generally is allocated pro-rata among the client accounts that participated in the aggregated transaction.

MIN or the sub-managers have the discretion to aggregate orders for client accounts with the orders of other clients, their own accounts, their employees and their related persons. In such cases, the transactions, as well as the expenses incurred in the transactions are allocated according to MIN or the applicable sub-manager's policy in a manner believed by it to be equitable to the client. In such cases, each account will be charged with the average price per unit, and where applicable, with brokerage costs and other fees.

Sub-managers participating in the Passport Series, Momentum Pathways or Gateway FSP Programs may determine that the purchase or sale of a particular security is appropriate for more than one client account. In such cases, the sub-manager has the discretion to decide to aggregate multiple client orders into one "block" order for execution purposes. This can have the advantage of avoiding an adverse effect on the price of a security which can result from simultaneously placing a number of separate competing orders. In the event a block transaction is affected by a sub- manager, the client will receive the average price of all transactions affected to satisfy the order.

As a result, the average price received by the client could be higher or lower than the price at which the client would have received had the transaction been affected for the client independently from the block transaction. When aggregating orders, and in the process of allocating block purchases and block sales to individual client accounts, it is MIN' policy to treat all clients fairly and to achieve an equitable distribution of aggregated orders. Sub-managers participating in the MIN program also participate in other wrap fee programs sponsored by broker/dealers not affiliated with MIN. In addition, sub-manager typically manages institutional accounts not referred through a directed brokerage, wrap fee program. In the event a sub-manager wishes to buy or sell a security for all accounts within a particular discipline, the sub-manager can affect such transactions through a large number of broker-dealers. Depending on the liquidity of the security and the size of the transaction, among other factors, certain sub-managers utilize a trade rotation process where one group of clients (i.e., MIN Clients) have a transaction affected before or after another group of the sub-manager's clients so as to limit the market impact of the transaction. A sub-manager's trade rotation policies are at their discretion, typically utilize a random selection process and are intended to equitably allocate transactions over time across the sub-manager's entire client base so that each group of clients can expect to receive executions at the beginning, middle and the end of the rotation. Additional information regarding the sub- manager's trade rotation policies, if any, is available in the sub-manager's Form ADV Part 2.

Detailed information about HTSPM order aggregation and block orders is detailed above in this brochure.

## **Investment Managers and Strategists Trade Rotation**

Investment Managers participating in the Passport Series, Momentum Pathways and Gateway FSP Programs typically participate in other wrap fee programs sponsored by other advisory/broker-dealers, institutional accounts and even advise on mutual funds. When an Investment Manager directs a transaction (buy/sale) for a security for all accounts within a particular strategy, the Investment Manager may have to possibly direct similar transactions through a substantial number of firms. In this case the Investment Manager will employ a trade rotation process. This occurs when a group of clients have a transaction executed before or after another group of the Investment Managers clients in other wrap fee programs. This trade rotation seeks to limit the potential market impact of the transaction. The trade rotation process can result in MIN clients being the first accounts in which a trade is aggregated and executed. Once completed, the Investment Manager “rotate” to the next set of clients or firm in the rotation; it is expected that MIN clients will eventually be last in the rotation. The rotation process is developed and administered at the manager/strategist’s sole discretion. The selection process is generally random and is intended to create a fair way allocate transactions to all participants. Over time, each group of participants should expect to receive executions at the beginning, middle and the end of the rotation. This can result in transactions being executed in their account near or at the end of the rotation. There can be a market price impact on trades executed later versus trades executed earlier in the rotation. Typically, the trade rotation process is also used to enable the Investment Manager to meet their best execution obligations. This can result in some of the Investment Managers to decide to employ a trade rotation process for all securities in their portfolio and trade only through the respective firm’s sponsoring the wrap fee programs, while others may choose to employ a rotation process that includes making a determination to trade away from the sponsors frequently or on a majority basis. For additional information regarding each Investment Managers trade rotation, please refer to the specific Investment Managers Form ADV Part 2A.

Due to this rotation MIN may not be able to process the trades on the same day that the firm receives notice as MIN may be limited by time due to market closing and receiving the trade late in the day. Best efforts are made to execute trades same day, but in some cases, it may be the next business day that the markets are open.

## **Client Reports**

Clients receive written custodial account statements monthly if there is activity, or quarterly in the absence of activity. Trade confirmations are provided for all securities buy/sell transactions by the custodian. In addition, performance reports are available upon request. The Insurance Carrier will provide all statements and confirmations for the Destinations Program.

All Client reports for the Explorer Program will be provided by the TAM and/or their custodian.

## **Investment Policy Statements**

MIN or its IAR’s will not monitor for compliance nor approve investment policy statements when provided in association with an account in one or more of the listed Advisory Programs described in this brochure. MIN does not provide investment policy statements. MIN will not be responsible for the ongoing monitoring of the client’s investment policy statement and the assets allocation detailed within the statement. This is the client’s responsibility, and they should consult with their legal and tax advisors for matters regarding the client’s investment policy statement.

## **Client Referrals and Other Compensation**

MIN pays referral fees to persons for referring advisory business to MIN pursuant to Rule 206 (4)-3 of the Investment Advisers Act. Such fees are only be paid to persons with whom MIN has entered into formal referral agreements. MIN also requires that a referral fee disclosure statement be given to clients (or prospective clients) that discloses, among other things, the amount of fee to be paid to the referring person and the fact that the payment of such referral fees has not increased the amount of the total advisory fee that a client (or prospective client) will pay.

## **Marketing Support from Product Sponsors**

MIN has agreements with certain mutual fund families, alternative investment sponsors, insurance companies, Investment Managers, ETF sponsors, UIT sponsors, Turnkey Asset Management Program providers whose products are available on our platform may contribute funds to support our IAR education Programs. These contributions are used to subsidize the cost of training seminars offered to IARs through specialized firm-wide

Programs and regional training forums. These training forums are designed to provide training and education of IARs, Field Leadership, Supervisors, and other personnel who solicit or support the business listed in the brochure. These contributions also subsidize a significant portion of the costs incurred to support the IAR, IAR and Client education, and product marketing efforts conducted regionally and nationally by product specialists employed by MIN. The training events can, and often, include a non-training element to the event such as business entertainment which is not subsidized by vendors.

Not all vendors contribute to our education efforts. Neither contribution towards these training and educational expenses, nor lack thereof, is considered as a factor in analyzing or determining whether a vendor should be included or should remain in our Programs or our platform. Contributions can vary by a vendor and event. In some instances, the contributions per vendor are significant. Some vendors may decide to contribute at levels different than those requested by MIN. Additional contributions may be made by certain vendors in connection with specialized events or education or training forums. The MIN IAR does not receive a portion of these payments. However, their attendance and participation in these events, as well as the increased exposure to vendors who sponsor the events, tends to lead IARs to recommend the products and services of the vendors as compared to those who do not.

### **Non-Cash Compensation**

MIN and our IARs receive non-cash compensation from these vendors in the following ways:

- Sponsorship of educational events the IAR conducts for Clients and prospective Clients.
- Contributions made at The Firm level towards educational Programs for IARs. These contributions are significant and while the IARs do not receive a portion of the payment, a conflict arises in that the IARs participation in the educational events are exposed to vendors who sponsor the events and tend to lead the IARS to recommend the products and services of these vendors.
- Various forms of marketing support and development of tools used by MIN and its IARs for training, practice management and record-keeping purposes.
- Occasional gifts up to \$100 per vendor per year.
- Occasional meals, tickets, or other entertainment of reasonable and customary value. The thresholds and limits for gifts and entertainment are designed to mitigate conflicts related to recommending the products of the providers of such gifts, meals, or entertainment.

The receipt of the cash and non-cash compensation from sources other than clients, and the differences in the way IARs are compensated for products the firm offers, create an incentive for IARs to recommend certain products and account types over others. We address our conflicts of interest by maintaining policies and procedures requiring the IARs act in the Client's best interest, reasonably supervising their activities and by disclosing these conflicts to Clients so that Clients can make an informed decision.

### **Custody**

Certain MIN accounts are custodied at HTS, an affiliate of MIN, or at another qualified custodian (i.e., Schwab, etc.) based on the programs utilized for the client. Each custodian utilized for MIN client accounts provides MIN clients with account statements at least quarterly. These statements identify the positions in the account at the end of the statement period, as well as all transactions in the account during the statement period. The client should carefully review these documents and are urged to compare them against reports received from MIN. Further, each brokerage firm is expected to provide clients trade confirmations when security transactions take place. Should the client have any questions about these documents, they should contact MIN, their Investment Adviser or the custodial firm.

For accounts participating in the Explorer Program, MIN does not have custody of client funds and/or securities. Clients should carefully review the TAMs disclosures and advisory agreements to determine who the TAM names as custodian, and if the TAM has custody of those assets. MIN encourages its clients to carefully review all statements, confirms and performance reports provided to them, as statements from custodians may vary based on accounting procedures, reporting dates or valuation methodologies of certain securities.

For accounts participating in the Partner – TPC Program, MIN does not have custody of the assets in the client's program account. The client will have standing authorizations with Schwab to move money from the client

accounts to a third-party, and under that standing authorization, it authorizes MIN to designate the amount or timing of transfers with Schwab. Account statements and trade confirmations are delivered directly from Schwab to each client or the client's independent representative, at least monthly. The client should carefully review these documents and are urged to compare them against reports received from MIN. Should the client have any questions about these documents, they should contact MIN, their Investment Adviser or Schwab.

For all accounts, MIN has the authority to have fees deducted directly from client accounts. Our firm has established procedures to ensure all client funds and securities held at Schwab are in a separate account for each client under the client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware Schwab's address and manner in which the funds or securities are maintained.

Finally, account statements are delivered directly from Schwab to each client, or the client's independent representative, at least quarterly. The client should carefully review those statements and are urged to compare the statements against reports received from MIN. When the client has questions about their account statements, they should contact MIN, their IAR or Schwab.

The Insurance Carrier will be the custodian of assets in the Destinations Program account. The Insurance Carrier will provide the client with account statements and confirmations of transactions.

Per SEC Rule 206(4)-2, HTS has implemented a set of controls designed to protect those client assets from being lost, misused, misappropriated or subject to the Advisers' financial reverses in an effort to ensure that Client assets are protected. Among other things, the firm undergoes a separate examination by an independent auditor, the purpose of which is to obtain the auditor's report on our internal controls designed to safeguard clients' assets held at HTS. HTS also undergoes an annual surprise audit by an independent registered accounting firm that is designed to verify the clients' assets. At the conclusion of the annual surprise audit, the independent auditor files a report with the SEC attesting to, among other things, our compliance with regulatory requirements.

For those third parties that HTS uses for certain may also serve as qualified custodians of the firm's client assets. In such cases, consistent with applicable regulations, the firm is provided with a report issued by an independent registered public accountant relating to the third parties' internal controls in connection with its custody services.

### **Voting Client Proxies**

MIN will not vote on matters requiring shareholder voting in connection with the securities held in the clients account, or with respect to certain legal actions involving securities including, for example, voting proxies, mergers, bankruptcies, restructuring, class actions, or similar matters. Under the circumstances where MIN receives material on behalf of the client, the firm will promptly forward such material to the client's attention. MIN does not offer advice regarding proxy voting; this is the sole responsibility of the shareholder. With respect to the Passport Series, Momentum Pathways and Gateway FSP Programs, Envestnet and/or Investment Managers with discretion to vote the proxy. To obtain information on how their securities were voted by each sub-manager, the client should contact MIN. The Firm will aid any customer to obtain proxy voting information if requested. If such information is not readily available, it would be grounds for termination of the sub-advisor's agreement. Any problems will be immediately referred to the Advisory Services Manager and the Chief Compliance Officer ("CCO") of MIN.

MIN and its IARs do not vote client proxies in the Explorer Program. Clients are encouraged to carefully review the TAMs and any selected investment managers disclosure brochures relating to their proxy voting policies.

### **Financial Information**

MIN has not been the subject of a bankruptcy petition at any time in its existence. Under no circumstances will MIN debit fees more than six months in advance of services rendered.