

## **HERBEIN FINANCIAL GROUP, LLC**

*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Herbein Financial Group, LLC (hereinafter “HFG” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

## **Item 2. Material Changes**

In this Item, HFG is required to discuss any material changes that have been made to the brochure since the last annual amendment. Since the filing of our last Annual Updating Amendment on March 31, 2024 there are no such material changes to disclose.

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## Item 4. Advisory Business

HFG is a joint venture between Herbein + Company, Inc. (“H+C”) and Northeast Financial Group, Inc. (“NEFG”). NEFG is a registered investment adviser. HFG filed for registration as an investment adviser in July 2022 and is owned by H+C and NEFG. HFG does not have any assets under management; however, the Firm will be registered with the Securities Exchange Commission because it is under common control and shares the same principal office and place of business as NEFG. HFG does not currently have any Discretionary or Non-Discretionary Regulatory Assets Under Management. However, we do provide advice on approximately \$41.15 million of assets which are managed by our affiliated advisory firm, NEFG.

HFG offers a variety of advisory services, which include financial planning, consulting, and investment management services. Some of these services are provided in conjunction with NEFG. The services are often described throughout this brochure as being provided through NEFG as well as describing the services as provided by the “Firms” which includes HFG and NEFG. Prior to HFG rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with HFG setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”). The Advisory Agreement could be a tri-party agreement between the Firm, the client and NEFG. Alternatively, the client could have an agreement with the Firm which allows the Firm to engage NEFG for the services.

While this brochure generally describes the business of HFG, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or other persons who provide investment advice on HFG’s behalf and are subject to the Firm’s supervision or control.

### Financial Planning and Consulting Services

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HFG offers, directly or in coordination with NEFG, a broad range of financial planning and consulting services, addressing a variety of matters, which include any or all of the following functions:

- |                              |  |
|------------------------------|--|
| • Financial plan maintenance | • Education funding                    |
| • Estate planning            | • Risk management                      |
| • Cash flow analysis         | • Long-term care assessment            |
| • Business planning          | • Tax Planning                         |
| • Retirement planning        | • Disability and survivorship planning |

In performing its services, HFG is not required to verify any information received from the client or from the client’s other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. HFG recommend the services of itself, its Supervised Persons in their individual capacities as insurance agents or registered representatives of a broker-dealer, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if HFG recommends its own services or those offered by its Supervised Persons. The client is under no obligation to act upon any of the recommendations made by HFG under a financial planning or consulting engagement or to engage the services

of any such recommended professional, including HFG itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of HFG's recommendations. Clients are advised that it remains their responsibility to promptly notify HFG if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising HFG's previous recommendations and/or services.

## **Investment Management Services**

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All of the Firm's Investment Management Services are provided through NEFG. Clients will be provided with a copy of NEFG's Disclosure Brochure in addition to this brochure. Clients should review the NEFG brochure which will provide all current information about NEFG's services, fees, conflicts of interest and any other material information required.

Where appropriate, the Firm also provides advice about any type of legacy position or other investment held in client portfolios, but clients should not assume that these assets are being continuously monitored or otherwise advised on by the Firm unless specifically agreed upon. Clients can engage HFG to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, HFG directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

HFG and NEFG tailor the advisory services to meet the needs of individual clients and seek to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. HFG and NEFG consult with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify HFG if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients can impose reasonable restrictions or mandates on the management of their accounts if HFG and NEFG determine, in their sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the management efforts.

## **1031 Tax-Free Real Estate Exchange Services**

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The Firm or HFG provides services in the review and selection of properties and programs to complete 1031 tax-free real estate exchanges. The Firm or NEFG will recommend Qualified Intermediaries, or work with the buyers Qualified Intermediary to assist in the complete transaction. Services include research and recommendations of primary and or secondary backup properties or programs to satisfy the requirements of identifying and completing the transactions within the required time limits.

## **Retirement Plan Services**

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The Firms provide comprehensive services to retirement plans, including retirement plans subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), "ERISA Plans."

***Participant-Level Investment Advisory Services:*** HFG provides non-discretionary investment advisory services to retirement plan participants about the plan investment options (“Participant-Level Investment Advisory Services”). The plan participant has the final decision-making authority regarding the initial selection, retention and changes in investment selections. In providing Participant-Level Investment Advisory Services to participants of ERISA Plans, HFG is acting as a fiduciary under ERISA.

***Plan-Level Investment Advisory and Investment Management Services:*** All of the Firms’ plan-level investment advisory services and investment management services are provided through NEFG. Retirement plan clients are provided with a copy of NEFG’s Disclosure Brochure which provides detailed information about the plan-level investment advisory and investment management services provided to retirement plans, including ERISA Plans. In providing plan-level investment advisory and investment management services to ERISA Plans, NEFG is acting as a fiduciary under ERISA.

***Consulting Services:*** HFG provides consulting services to retirement plan clients that may include assisting in group enrollment meetings, educating plan participants about general investment principles and the plan’s investment options and in the case of an ERISA Plan, educating the ERISA Plan client as to its fiduciary responsibilities. HFG’s consulting services may also include assisting retirement plan clients in monitoring, selecting and supervising plan service vendors and performing benchmarking studies.

For a more detailed description of the Firms’ services, the retirement plan client should refer to the Advisory Agreement.

### **Use of Independent Managers**

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As mentioned above, HFG uses the advisory services of NEFG for all clients. NEFG selects certain Independent Managers to actively manage a portion of its clients’ assets. The specific terms and conditions under which a client engages an Independent Manager are set forth in a separate written agreement with the designated Independent Manager. That agreement can be between NEFG and the Independent Manager (often called a subadvisor) or the client and the Independent Manager (sometimes called a separate account manager). In addition to this brochure, clients will typically also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets.

### **Management of Pooled Investment Vehicles**

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Robert L. Hackenberg serves as the managing member to affiliated private investment funds, H&L Capital Group, LLC, H&L Capital II, LLC. In addition, Robert L. Hackenberg and Josh R. Laychock serve as the managing members of NEFG Capital Partners LLC, the managing member to two additional affiliated private investment funds, Capital Partners Alternative Income & Growth Fund, LLC and Capital Partners Lending Fund, LLC (collectively with H&L Capital Group, LLC and H&L Capital II, LLC, “the Funds”).

Interests in the Funds are privately offered pursuant to Regulation D under the Securities Act of 1933, as amended. The Funds currently rely on an exemption from registration under the Investment Company Act of 1940, as amended. Participation as an investor in the Funds is restricted to investors that are qualified clients

pursuant to the requirements under Rule 205-3 under the Advisers Act, as well as “accredited investors” as defined under Rule 501(a) of the Securities Act of 1933, as amended and “qualified purchasers” as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended.

To the extent certain that the Firm’s individual advisory clients qualify, they will be eligible to participate as members of the Funds. Investment in the Funds involves a significant degree of risk. All relevant information, terms and conditions relative to the Funds, including the compensation received by NEFG or its affiliate as managing member, suitability, risk factors, and potential conflicts of interest, are set forth in the Confidential Private Offering Memorandum (the “Memorandum”), Limited Partnership Agreement (the “Agreement”), and/or Subscription Agreement of each Fund (together, the “Offering Documents”), which each investor is required to receive and/or execute prior to being accepted as an investor in the Funds. While the Funds are generally considered to be a client of NEFG, “client(s)” may also refer to the investors in the Funds.

NEFG will devote its best efforts with respect to its management of both the Funds and the individual client accounts. Given the above discussion relative to the objectives, suitability, risk factors, and qualifications for participation in the Funds, NEFG may give advice or take action with respect to the Funds that differs from that for individual client accounts. To the extent that a particular investment is suitable for both the Funds and certain individual client accounts, such investments will be allocated between the Funds and the individual client accounts in a manner which NEFG determines is fair and equitable under the circumstances to all of its clients.

#### **Conflict Disclosure for Rollover Recommendation**

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A conflict of interest arises when HFG makes recommendations about retirement plan distributions and rollovers to IRAs, IRA to IRA transfers, IRA to plan rollovers, plan to plan rollovers and change of account types for a retirement plan or IRA (each, a “rollover recommendation”) if it results in HFG receiving compensation that it would not have received absent the recommendation, for example, fees for advising or managing a rollover IRA. HFG will manage this conflict through a process designed to develop an informed recommendation in the best interest of the client. No client is under an obligation to roll over retirement plan or IRA assets to an account advised or managed by HFG. When HFG makes a rollover recommendation, it is fiduciary advice under the Investment Advisers Act of 1940 (the “Advisers Act”). Also, when HFG provides investment advice to a plan participant about his/her retirement plan account or to an IRA owner about his/her IRA, including a rollover recommendation, HFG is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act (“ERISA”) and/or the Internal Revenue Code (the “Code”), as applicable, which are laws governing retirement accounts. In addition to being a conflict of interest, it is also a prohibited transaction under ERISA and/or the Code when HFG receives compensation as a result of the rollover that it would not have received absent the recommendation. In that circumstance, HFG will comply with the conditions of exceptions to the prohibited transaction rules (e.g., an applicable prohibited transaction exemption such as PTE 2020-02 or non-enforcement policy).

## Item 5. Fees and Compensation

The Firm offers its services on a fee basis, which includes hourly and/or fixed fees, as well as fees based upon assets being managed by NEFG. In addition, investors in the Funds can pay performance-based compensation to the affiliates as described above. Certain of the Firm's and/or NEFG's Supervised Persons, in their individual capacities, may also offer securities brokerage services and insurance products under a separate commission-based arrangement.

The Financial Planning, Consulting and Investment Management fees are disclosed in NEFG's disclosure brochure which each of the Firm's clients are provided. This includes a description of the amount of the fee as well as other information about the fees (such as the frequency that the fee is charged). Clients should review the NEFG disclosure brochure. Clients do not pay a higher fee for accessing NEFG through HFG. The fee charged to the Firm's clients is the same as if the client had gone directly to NEFG. The Firms (HFG and NEFG share in the fee pursuant to their agreement).

### Fee Discretion

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The Firms may, in their sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention, pro bono activities, or competitive purposes.

### Additional Fees and Expenses

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In addition to the advisory fees paid to HFG and NEFG (and its affiliates in the case of the Pooled Investment Vehicles), clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges include securities brokerage commissions, transaction fees, custodial fees, fees charged by the Independent Managers, margin and other borrowing costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12, below.

### Direct Fee Debit

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Clients provide HFG, NEFG and/or certain Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to HFG.



**Account Additions and Withdrawals**

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Clients can make additions to and withdrawals from their account at any time, subject to HFG's right to terminate an account. Additions can be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients can withdraw account assets on notice to HFG, subject to the usual and customary securities settlement procedures. However, the Firm designs its portfolios as long-term investments, and the withdrawal of assets may impair the achievement of a client's investment objectives. HFG may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

**1031 Tax-Free Real Estate Exchange Fees**

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Fees for the 1031 services can be based on an hourly fee schedule, or a fixed fee for services. A minimum consulting fee may apply and will be quoted up front once the need for service is identified. The Firm and/or NEFG will include continuing review of programs recommended and acquired to complete the real estate exchange. Additional fees may apply.

In the event that recommendations from the Firm and/or NEFG are implemented, and commissions or fees may be payable, the Firm and NEFG will waive the commissions or fees. If applicable, fees or commissions may be passed onto the buyer, and enhance the value invested in the properties or programs acquired.

**Retirement Plan Fees**

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The Firms are fiduciaries under ERISA and the Code in providing Participant-Level Investment Advisory Services and plan-level investment advisory and investment management services to ERISA Plan clients (described in Item 4). As such, the Firms are subject to specific duties and obligations under ERISA and the Code that include, among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, the Firms may only charge fees to ERISA Plan clients for investment advice about products for which the Firms and/or their affiliates do not receive any commission, 12b-1 fees or other compensation.

The annual fee for the Firms' services to retirement plan clients is set forth in the tri-party Agreement with NEFG and is based upon a percentage (%) of included plan assets as reported by the plan custodian or recordkeeper. Included plan assets are the plan assets for which the Firms provide services as described in the Advisory Agreement.

The fee is payable quarterly in arrears (the "Fee Period"). The retirement plan is obligated to pay the Firms' fee. As agreed, to under the Advisory Agreement, the retirement plan client may authorize the plan custodian to automatically deduct the fee from the plan or the plan sponsor of the retirement plan may choose to pay the fee.

Either the Firms or the retirement plan client can terminate the Advisory Agreement at any time, without penalty, by sending the other party 30 days prior written notice. The parties remain responsible for obligations arising under any transactions initiated before the agreement was terminated. If the agreement is terminated prior to the end of a Fee Period, the Firms are entitled to a fee, prorated for the number of days in the Fee Period prior to the effective date of termination.

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

HFG does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets). As mentioned above, investors in the Pooled Investment Vehicles are charged performance-based fees. The Offering Documents of the Funds will discuss the conflicts of interest with performance-based fees.

## **Item 7. Types of Clients**

HFG offers services to individuals, trusts, estates, charitable organizations, corporations and other business entities, pension and profit-sharing plans.

### **Minimum Account Requirements**

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HFG does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship. NEFG and certain Independent Managers may, however, impose more restrictive account requirements and billing practices from the Firm. In these instances, HFG may alter its corresponding account requirements and/or billing practices to accommodate NEFG and those of the Independent Managers.

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

HFG utilizes the investment advisory services of NEFG. Therefore, the Firm's Methods of Analysis, Investment Strategies, and Risk of Loss are the same as NEFG's. Clients should look to Item 8 of NEFG's disclosure brochure which is provided to the Firm's clients.

## **Item 9. Disciplinary Information**

HFG has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

This item requires investment advisers to disclose certain financial industry activities and affiliations.

**Related Certified Public Accounting Firm**

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HFG does not render accounting services to clients. In the event a client requires accounting services, the firm will sometimes recommend a certified public accountant. At times, the Firm recommends the services of H+C. These services are rendered independent of HFG and pursuant to a separate agreement between the client and the accounting firm. The Firm does not receive any portion of the fees paid by the client to H+C and does not receive a referral fee in connection with the accounting services that H+C renders to its clients. However, the Firm is under common control with H+C and one or more of the Firm's Supervised Persons are associated with H+C. There exists a conflict of interest to the extent that the Firm, NEFG and/or H+C recommend the services of the other.

**Affiliated Insurance Agency**

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HFG is a duly licensed insurance agency. Additionally, certain of the Firm's and HFG's Supervised Persons, in their individual capacities, are licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully disclosed basis, the purchase of certain insurance products. A conflict of interest exists to the extent that the Firm, HFG or their Supervised Persons recommend the purchase of insurance products where the Firm, HFG or their Supervised Persons receive insurance commissions or other additional compensation. The Firm and HFG seek to ensure that any such recommendations are provided on a fully disclosed basis and only when aligned with its clients' best interests.

**Affiliation with the Pooled Investment Vehicles**

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As discussed in this disclosure brochure, Robert L Hackenberg, serves as managing member to certain of the Funds, as described in Item 4 above. Robert L. Hackenberg and Josh R. Laychock also serve as the managing members of NEFG Capital Partners LLC, the managing member to certain of the Funds. A conflict of interest exists to the extent NEFG's Supervised Persons recommend an investment in the Funds due to NEFG's Chief Compliance Officer's and Principals' direct and/or indirect affiliation therewith, including their ownership interest in such Funds. NEFG seeks to ensure that any such recommendations are provided on a fully-disclosed basis and only when aligned with its clients' best interests.

**Item 11. Code of Ethics****Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, nonpublic information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

## **Participation or Interest in Client Transactions**

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We serve as the general partner or are affiliated with one or more private funds (private pooled investment vehicles) in which you may be solicited to invest. Our Company, certain members of its management, and other knowledgeable employees may acquire, directly or indirectly, investment interests in our fund or have other financial interests (e.g. General Partner, Officers, Board Members, etc.) in the funds. This presents a conflict of interest because we have investments and/or are compensated by the private funds. Conflicts that arise are mitigated through our Company's fiduciary obligation to act in the best interest of our clients, contractual limitations that govern our activities as adviser or general partner, as applicable, and the requirement of our Company not to place its interests before its clients' interests when managing the funds. If you are an investor in a private fund, refer to the private fund's offering documents for detailed disclosures regarding the private funds.

## **Personal Trading Practices**

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Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

## **Aggregated Trading**

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Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("aggregated trading"). Refer to the Brokerage Practices section in this brochure for information on our aggregated trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

## Item 12. Brokerage Practices

### Recommendation of Broker-Dealers for Client Transactions

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Herbein Financial Group, LLC (“HFG”) does not recommend any broker-dealers, since HFG, LLC does not execute any trades. All portfolio management services are performed by our affiliated entity, Northeast Financial Group, LLC as specified in Item 4 and in the tri-party advisory contract with our clients.

### Brokerage for Client Referrals

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HFG does not receive client referrals from any broker-dealer.

### Directed Brokerage

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HFG does not engage in directed brokerage since HFG does not execute any trades. All portfolio management services are performed by our affiliated entity, Northeast Financial Group, LLC as specified in Item 4 and in the tri-party advisory contract with our clients.

### Trade Aggregation

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HFG does not engage in trade aggregation since HFG does not execute any trades. All portfolio management services are performed by our affiliated entity, Northeast Financial Group, LLC as specified in Item 4 and in the tri-party advisory contract with our clients.

### Soft Dollars

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HFG does not have any soft dollar arrangements with any broker-dealer. All portfolio management services are performed by our affiliated entity, Northeast Financial Group, LLC as specified in Item 4 and in the tri-party advisory contract with our clients.

## Item 13. Review of Accounts

### Account Reviews

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For those clients to whom the Firm and/or NEFG provides investment management services, NEFG monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom the Firm and/or NEFG provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one or more of the investment adviser representatives of the Firms. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with the Firm and to keep the Firm informed of any changes thereto. HFG contacts ongoing investment advisory clients at least annually to request updated information regarding the client’s financial situation and/or investment objectives. In addition, clients can request meetings to review the Firm’s previous services and/or recommendations.

### Account Statements and Reports

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from HFG or an outside service provider.

## Item 14. Client Referrals and Other Compensation

### Client Referrals

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In the event a client is introduced to HFG by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral fee is paid solely from the investment management fee paid by the client and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the client will receive a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of HFG is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

### Other Compensation

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The Firm and NEFG receive economic benefits from Schwab. The benefits, conflicts of interest and how they are addressed are discussed above in response to Item 12 in this brochure as well as NEFG's disclosure brochure.

## Item 15. Custody

HFG is deemed to have custody of client funds and securities because the Firm is given the ability to debit client accounts for payment of the Firm's fees. As such, client funds and securities are maintained at one or more Financial Institutions that serve as the qualified custodian with respect to such assets. Such qualified custodians will send account statements to clients at least once per calendar quarter that typically detail any transactions in such account for the relevant period.

In addition, as discussed in Item 13, HFG will also send, or otherwise make available, periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from HFG. Any other custody disclosures can be found in the Firm's Form ADV Part 1.

**Standing Letters of Authorization**

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HFG or NEFG also anticipate having custody due to clients giving the Firms limited power of attorney in a standing letter of authorization (“SLOA”) to disburse funds to one or more third parties as specifically designated by the client. In such circumstances, the Firm that has custody will implement the steps in the SEC’s no-action letter on February 21, 2017 which includes (in summary): i) client will provide instruction for the SLOA to the custodian; ii) client will authorize the Firm to direct transfers to the specific third party; iii) the custodian will perform appropriate verification of the instruction and provide a transfer of funds notice to the client promptly after each transfer; iv) the client will have the ability to terminate or change the instruction; v) the Firm will have no authority or ability to designate or change the identity or any information about the third party; vi) the Firm will keep records showing that the third party is not a related party of the Firm or located at the same address as the Firm; and vii) the custodian will send the client an initial and annual notice confirming the SLOA instructions.

**Item 16. Investment Discretion**

HFG or NEFG are given the authority via the tri-party agreement to exercise discretion on behalf of clients. The Firms are considered to exercise investment discretion over a client’s account if they can affect and/or direct transactions in client accounts without first seeking their consent. HFG or NEFG are given this authority through a power-of- attorney included in the agreement between HFG, NEFG and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). HFG and NEFG take discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The Independent Managers to be hired or fired.

**Item 17. Voting Client Securities****Acceptance of Proxy Voting Authority**

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Prior to April, 2023, NEFG voted client securities (proxies) on behalf of its clients and provided a summary of its policies and procedures to clients. NEFG no longer accepts the authority to vote clients’ securities on their behalf.

For those legacy clients where we do vote proxies, we will determine how to vote proxies based on our reasonable judgment of the vote most likely to produce favorable financial results for you. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders. Generally, proxy votes will

be cast against proposals having the opposite effect. However, we will consider both sides of each proxy issue. Unless we receive specific instructions from you, we will not base votes on social considerations.

## **Item 18. Financial Information**

HFG is not required to disclose any financial information listed in the instructions to Item 18 because:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.