



CPAs & Consultants | Wealth Management

## HBE Wealth Management, LLC

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February 14, 2024

This Brochure provides information about the qualifications and business practices of HBE Wealth Management, LLC (hereinafter “HBE”). If you have any questions about the contents of this Brochure, please contact us at (402) 423-4343. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

HBE is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about HBE also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for HBE is 128315.

## **Item 2 – Material Changes**

This Item of the Brochure will discuss only specific material changes that have been made to the Brochure since the last annual update and provide clients with a summary of such changes.

In this update, we have updated the Assets Under Management information of Item 4 in accordance with the filing of our Annual Updating Amendment on February 12, 2024

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting our Chief Compliance Officer, Christopher M. Bedient at (402) 423-4343.

(Brochure Date: 02/12/2024)

(Date of Most Recent Annual Updating Amendment: 02/12/2024)

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## **Item 4 – Advisory Business**

HBE Wealth Management, LLC (hereinafter "HBE") is registered with the Securities and Exchange Commission as an investment adviser with its principal place of business located in Lincoln, Nebraska. HBE began conducting advisory business in 2001.

HBE's principal shareholder is HBE, LLP. In addition, the following individuals indirectly own 25% or more of HBE Wealth Management, LLC:

- James D. Schulz
- Krystal L. Siebrandt
- Scott A. Becker

As of December 31, 2023, HBE managed \$161,057,407 on a discretionary basis and \$2,676,975 on a non-discretionary basis.

### **Investment Management Services:**

HBE manages investment portfolios for individuals, qualified retirement plans, trusts, charitable organizations, corporations and small businesses. HBE will work with a client to determine the client's investment objectives and investor risk profile and will design a written investment policy statement. HBE uses investment and portfolio allocation software to evaluate alternative portfolio designs. HBE evaluates the client's existing investments with respect to the client's investment policy statement. HBE works with new clients to develop a plan to transition from the client's existing portfolio to the portfolio recommended by HBE. HBE will then continuously monitor the client's portfolio holdings and the overall asset allocation strategy and hold review meetings with the client regarding the account as necessary.

HBE will typically create a portfolio of no-load mutual funds, exchange traded funds ("ETFs") and individual securities and may use model portfolios if the models match the client's investment policy. HBE will allocate the client's assets among various investments, taking into consideration the overall management style selected by the client. HBE primarily recommends portfolios consisting of passively managed asset class and index mutual funds and ETFs. The mutual funds and ETFs HBE recommends typically follow a passive asset class investment philosophy with low holdings turnover. Client portfolios may also include some individual equity securities in situations where disposition of these securities would present an overriding tax implication or the client specifically requests they be retained for a personal reason. These situations will be specifically identified in the client's Investment Policy Statement (IPS).

HBE manages mutual fund and equity portfolios on a discretionary or nondiscretionary basis. Clients may impose reasonable restrictions on HBE's discretionary authority, including restrictions on the types of securities in which HBE may invest client's assets and on specific securities, which the client may believe to be appropriate.

### **Use of Third-Party Sub-Advisers:**

HBE has retained Buckingham Strategic Partners, LLC (“BSP”) to act as a sub-advisor for certain client accounts. BSP shall provide various model asset allocation portfolios (each a “Portfolio”, collectively “Portfolios”) for selection by HBE. Each Portfolio strives to achieve long-term risk and return objectives through diversification among multiple asset classes using investment options available to BSP, which may include, but are not limited to, mutual funds and/or exchange traded funds from Dimensional Fund Advisors LP, Bridgeway Capital Management, Inc., AQR Capital Management, LLC, The Vanguard Group, Inc., Stoneridge Asset Management, LLC. Each Portfolio is designed to meet a particular investment goal which HBE has determined is suitable based on the client's circumstances. Once the appropriate Portfolio(s) has been determined, the Portfolio will continuously be managed based on the portfolio's goal and BSP will have the discretionary authority to manage the Portfolio(s), including periodically rebalancing. However, HBE, on behalf of its client, will have the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Should material life events occur, clients should immediately contact HBE to determine if changes to an account and the allocation of the assets held in the account are necessary.

HBE may also recommend fixed income portfolios to investment management clients, which consist of managed accounts of individual bonds. HBE will request discretionary authority from investment management clients to manage fixed income portfolios, including the discretion to retain a third-party fixed income subadvisor.

Pursuant to its discretionary authority, HBE will retain a fixed income subadvisor. The fixed income subadvisor will be provided with the discretionary authority to invest client assets in fixed income securities consistent with the client's Investment Policy Statement. The fixed income subadvisor will also monitor the account for changes in credit ratings, security call provisions, and tax loss harvesting opportunities (to the extent that the fixed income subadvisor is provided with cost basis information). The fixed income subadvisor will obtain HBE's consent prior to the sale of any client securities. HBE will provide to fixed income subadvisor any updated client financial information or account restrictions necessary for the fixed income subadvisor to provide sub-advisory services.

On an ongoing basis, HBE will answer clients' inquiries regarding their accounts and review periodically with clients the performance of their accounts. HBE will at least annually review client's investment policy and risk profile and will re-balance clients' accounts as necessary.

In addition to managing the client's investment portfolio, HBE may provide financial planning services to clients on various financial areas including income and estate tax planning, business sale structures, college financial planning, retirement planning, insurance analysis, personal cash flow analysis, establishment and design of retirement plans and trust designs, among other things. HBE will not charge a separate fee for this service.

In performing its services, HBE shall not be required to verify any financial information received from the client or from the client's other professionals, and is expressly authorized to rely on the information provided. Moreover, clients are advised that it remains their responsibility to promptly notify HBE if there is ever any change in their financial situation or investment objectives.

## **Employee Benefit Retirement Plan Services:**

HBE also provides advisory services to participant-directed retirement plans through third-party administration services, which are online bundled service providers offering an opportunity for plan sponsors to provide their participants with daily account access, valuation, and investment education.

HBE will analyze the plan's current investment platform, and assist the plan in creating an investment policy statement defining the types of investments to be offered and the restrictions that may be imposed. HBE will recommend investment options to achieve the plan's objectives, provide participant education meetings, and monitor the performance of the plan's investment vehicles.

HBE will recommend changes in the plan's investment vehicles as may be appropriate from time to time. HBE generally will review the plan's investment vehicles and investment policy as necessary.

For certain retirement plans, HBE also works in coordination and support with BSP. Retirement plan clients will engage both HBE and BSP. BSP will provide to the client additional discretionary investment management services and will exercise discretionary authority to select the plan investments made available to the plans' participants by selecting and maintaining the plans' investments according to the goals and investment objectives of the plan.

HBE will continue to work with plans to monitor plan investments, provide fiduciary plan advice including regular considerations of the goals and objectives of the plan, and provide participant education services to the plan.

## **Item 5 – Fees and Compensation**

Fees and account minimums may be negotiable under certain circumstances, including certain individual client circumstances such as clients age, complexity of the client's situation, total size of financial assets, propensity to add funds to accounts, and total client relationship, including with an affiliated entity.

HBE has contracted with BSP for services including trade processing, collection of management fees, record maintenance, report preparation, marketing assistance, and research. HBE has also contracted with BSP for sub-advisory services with respect to clients' fixed income accounts. HBE pays a fee for BSP's services based on management fees paid to HBE on accounts which use BSP. Advisory fees are paid to HBE and the fee paid by HBE to BSP consists of a portion of the fee paid by clients to HBE and varies based on the total client assets participating in BSP through HBE. These fees are not separately charged to advisory clients. The fees disclosed below are the total fees paid by a client and includes all sub-advisory fees charged by BSP.

The specific manner in which fees are charged by HBE is established in a client's written agreement with HBE. HBE will request authority from Investment Management clients to receive quarterly payments directly from the client's account held by an independent qualified custodian. Clients provide written limited authorization to HBE, which is delegated to BSP, to withdraw fees from the account through custodial paperwork.

Investment Management and Employee Benefit Plan clients will be invoiced in advance at the beginning of each calendar quarter based upon the value of the client's account at the end of the previous quarter. New accounts are charged a prorated fee for the remainder of the quarter in which the account is incepted (date of first trade). Market value will be based on independent third-party sources or fair market value in the absence of market value. Client account balances on which HBE calculates fees may vary from account custodial statements based on independent valuations and other accounting variances, including mechanisms for including accrued interest in account statements. Clients will receive custodial statements showing the advisory fees debited from their account(s). Certain third-party administrators will calculate and debit HBE's fee and remit such fee to HBE.

A client agreement may be canceled at any time by mutual agreement of both the client and HBE, or by either party providing 30 days' written notice to the other party specifying the date of termination. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

HBE's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third-party investment and other third parties such as fees charged by fixed income subadvisors, custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. These fees will generally include a management fee and other fund expenses. All fees paid to HBE for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders.

Such charges, fees and commissions are exclusive of and in addition to HBE's fee, and HBE shall not receive any portion of these commissions, fees, and costs.

### **Advisory Fees**

#### **Investment Management Services:**

The annual fee for investment management services will be charged as a percentage of assets under management, according to the schedule below:

<b>Assets Under Management</b>	<b>Annual Fee (%)</b>
On the first \$500,000	1.25%
On the next \$500,000	0.90%
On the next \$1,000,000	0.70%
On the next \$1,000,000	0.50%
On the next \$2,000,000	0.40%
On all amounts thereafter	0.35%

Our minimum annual fee is \$4,000.00.

All accounts for members of the client's family (husband, wife and dependent children) or related businesses may be assessed fees based on the total balance of all accounts.

### **Employee Benefit Retirement Plan Services:**

The annual fee for plan services will be charged as a percentage of assets within the plan:

<b>Value of Included Assets</b>	<b>HBE's Annual Fee</b>	<b>BSP's Annual Fee</b>	<b>Total Annual Fee</b>
On the first \$1 million	.70%	.20%	.90%
On the next \$4 million	.45%	.15%	.60%
On the next \$5 million	.25%	.08%	.33%
On all amounts > \$10 million	.15%	.05%	.20%

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

HBE does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). All fees are calculated as described above and are not charged on the basis of income or capital gains or capital appreciation of the funds or any portion of the funds of an advisory client.

### **Item 7 – Types of Clients**

HBE provides services to individuals, including high net worth individuals, trusts, qualified retirement plans, charitable organizations and businesses. As stated above in [Item 5](#), investment management services clients are subject to a minimum annual fee of \$4,000.

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

#### *Methods of Analysis and Investment Strategy*

HBE's services are based on long-term investment strategies incorporating the principles of Modern Portfolio Theory. HBE's investment approach is firmly rooted in the belief that markets are "efficient" over periods of time and that investors' long-term returns are determined principally by asset allocation decisions, rather than market timing or stock picking. HBE recommends diversified portfolios, principally through the use of passively managed, asset class mutual funds and ETFs.



Although all investments involve risk, HBE's investment advice seeks to limit risk through broad diversification among asset classes and, as appropriate for particular clients the investment directly in conservative fixed income securities to represent the fixed income class. HBE's investment philosophy is designed for investors who desire a buy and hold strategy. Frequent trading of securities increases brokerage and other transaction costs that HBE's strategy seeks to minimize.

In the implementation of investment plans, HBE therefore primarily uses mutual funds, exchange traded funds (ETFs), and as appropriate, portfolios of conservative fixed income securities.

Clients may hold or retain other types of assets as well, and HBE may offer advice regarding those various assets as part of its services. Advice regarding such assets will generally not involve asset management services but may help to more generally assist the client.

HBE's strategies do not utilize securities that we believe would be classified as having any unusual risks, and we do not recommend frequent trading, which can increase brokerage and other costs and taxes.

HBE receives supporting research from BSP and from other consultants, including economists affiliated with Dimensional Fund Advisors ("DFA"). HBE utilizes DFA mutual funds and ETFs in client portfolios. DFA mutual funds and ETFs follow a passive asset class investment philosophy with low holdings turnover. DFA provides historical market analysis, risk/return analysis, and continuing education to HBE.

#### *Analysis of a Client's Financial Situation*

In the development of investment plans for clients, including the recommendation of an appropriate asset allocation, HBE relies on an analysis of the client's financial objectives, current and estimated future resources, and tolerance for risk. To derive a recommended asset allocation, HBE may use a Monte Carlo simulation, a standard statistical approach for dealing with uncertainty. As with any other methods used to make projections into the future, there are several risks associated with this method, which may result in the client not being able to achieve their financial goals. They include:

- The risk that expected future cash flows will not match those used in the analysis
- The risk that future rates of return will fall short of the estimates used in the simulation
- The risk that inflation will exceed the estimates used in the simulation
- For taxable clients, the risk that tax rates will be higher than was assumed in the analysis

#### *Risk of Loss*

**Investing in securities involves risk of loss that clients should be prepared to bear.**

All investments present the risk of loss of principal – the risk that the value of securities (mutual funds, ETFs, individual stocks and individual bonds), when sold or otherwise disposed of, may be less than the price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

The mutual funds and ETFs utilized by HBE may include funds invested in domestic and international equities, including real estate investment trusts (REITs), corporate and government fixed income securities and commodities. Equity securities may include large capitalization, medium capitalization and small capitalization stocks. Mutual funds and ETF shares invested in fixed income securities are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings.

Among the riskiest mutual funds used in HBE's investment strategies funds are the U.S. and International small capitalization and small capitalization value funds, emerging markets funds, and commodity futures funds. Conservative fixed income securities have lower risk of loss of principal, but most bonds (with the exception of Treasury Inflation Protected Securities, or TIPS) present the risk of loss of purchasing power through lower expected return. This risk is greatest for longer-term bonds.

Certain funds utilized by HBE may contain international securities. Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity and price volatility. These risks may be greater with investments in developing countries.

### **Interval Fund Risk**

An interval fund is a type of closed-end fund containing shares that do not trade on the secondary market. Instead, the fund periodically offers to buy back a percentage of outstanding shares at net asset value.

The rules for interval funds, along with the types of assets held, make this investment largely illiquid compared with other funds. The primary reasons for investors to consider investing in interval funds HBE may utilize include, but are not limited to, gaining exposure to certain risk categories that provide diversified sources of expected returns, part of which may be in the form of illiquidity premiums. Access to the intended risk and expected return characteristics may not otherwise be available in more liquid, traditional investment vehicles.

Where appropriate, HBE may utilize certain interval funds structured as non-diversified, closed-end management investment companies, registered under the Investment Company Act of 1940. Investments in an interval fund involve additional risk, including lack of liquidity and restrictions on withdrawals. During any time periods outside of the specified repurchase offer window(s), investors will be unable to sell their shares of the interval fund. There is no assurance that an investor will be able to tender shares when or in the amount desired, and the fund may suspend or postpone purchases. Clients should carefully review the fund's prospectus to more fully understand the interval fund structure and the corresponding liquidity risks. Because these types of investments involve certain additional risk, these funds will only be utilized when consistent with a client's investment objectives, individual situation, suitability, tolerance for risk and liquidity needs. Investment should be avoided where an investor has a short-term investing horizon and/or cannot bear the loss of some or all of the investment.

More information about the risks of any particular market sector can be reviewed in representative mutual fund prospectuses managing assets within each applicable sector.

## **Cybersecurity Risk**

The computer systems, networks and devices used by HBE and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs, as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers and other financial institutions and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

More information about the risks of any particular market sector can be reviewed in representative mutual fund prospectuses managing assets within each applicable sector.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any criminal action, civil action, regulatory proceeding, self-regulatory organization proceeding or any other legal or disciplinary events that would be material to your evaluation. HBE has no information applicable to this Item.

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

### Affiliated Accounting Firm

Certain investment adviser representatives of HBE are also employees of HBE, LLP, (hereinafter “HBE CPA”) where they are individually licensed and practicing as Certified Public Accountants, providing accounting services for separate and typical compensation.

When appropriate, HBE CPA may recommend HBE to its accounting clients in need of advisory services. Conversely, HBE may recommend HBE CPA to certain advisory clients in need of accounting services. Accounting services are separate and distinct from the advisory services of HBE and are provided for separate

and typical compensation. There are no referral fee arrangements between HBE and the accounting firm for these recommendations. No HBE client is obligated to use HBE CPA for any accounting services.

The accounting services provided by the accounting firm do not include the authority to sign checks or otherwise disburse funds on any HBE advisory client's behalf.

#### Buckingham Strategic Partners, LLC

As described above in Item 4, HBE may exercise discretionary authority provided by a client to select an independent third-party subadvisor for the management of portfolios. HBE selects BSP for such fixed income management. HBE also contracts with BSP for back office services and assistance with portfolio modeling. HBE has a fiduciary duty to select qualified and appropriate independent managers in the client's best interest, and believes that BSP effectively provides both the back-office services that assist with its overall investment advisory practice and fixed income portfolio management services. The management of HBE continuously makes this assessment. While HBE has a contract with BSP governing a time period for back office services, HBE has no such fixed commitment to the selection of BSP for independent manager services and may select another independent manager for clients upon reasonable notice to BSP.

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

HBE has adopted a Code of Ethics expressing the Firm's commitment to ethical conduct. HBE's Code of Ethics describes the Firm's fiduciary duties and responsibilities to clients and sets forth HBE's practice of supervising the personal securities transactions of employees with access to client information. Individuals associated with HBE may buy or sell securities for their personal accounts identical or different than those recommended to clients. It is the expressed policy of HBE that no person employed by the Firm shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, HBE requires that anyone associated with this advisory practice with access to advisory recommendations provide annual securities holding reports and quarterly transaction reports to the Firm's Managing Members. HBE also requires such access persons to receive approval from the Chief Compliance Officer prior to investing in any IPO's or private placements (limited offerings).

HBE's Code of Ethics further includes the Firm's policy prohibiting the use of material non-public information and protecting the confidentiality of client information. HBE requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to discipline.

HBE will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

It is HBE's policy that the Firm will not affect any principal or agency cross securities transactions for client accounts. HBE will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an advisor, acting as principal for its own account or the account of an affiliated broker-

dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated private fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment advisor in relation to a transaction in which the investment advisor, or any person controlled by or under common control with the investment advisor, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an advisor is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 – Brokerage Practices**

HBE arranges for the execution of securities transactions with the assistance of BSP. Through BSP, HBE participates in the Fidelity Institutional Wealth Services (FIWS) program offered to independent investment advisors by Fidelity Brokerage Services, LLC (“Fidelity”) and the Schwab Advisor Services (“SAS”) program offered to independent investment advisors, sponsored by Charles Schwab & Company, Inc.. Fidelity and Schwab are unaffiliated SEC-registered broker dealers and FINRA member broker dealers. FIWS and SAS offer to independent advisor’s services which include custody of securities, trade execution, clearance and settlement transactions.

The Fidelity and Schwab brokerage programs will generally be recommended to advisory clients for the execution of mutual fund and equity securities transactions. By requiring directed brokerage through Fidelity and Schwab, clients may not achieve the most favorable execution of client transactions and clients may incur additional cost. HBE regularly reviews these programs to ensure that its recommendations are consistent with its fiduciary duty. This trading platform is essential to HBE's service arrangements and capabilities, and HBE may not accept clients who direct the use of other brokers. As part of this program, HBE receives benefits that it would not receive if it did not offer investment advice (See the disclosure under Item 14 of this Brochure).

As HBE will not request the discretionary authority to determine the broker dealer to be used or the commission rates to be paid for mutual fund and equity securities transactions, clients must direct HBE as to the broker dealer to be used. In directing the use of a particular broker or dealer, it should be understood that HBE will not have authority to negotiate commissions among various brokers or obtain volume discounts, which may increase cost, and best execution may not be achieved. Not all investment advisers require clients to direct the use of specific brokers.

HBE will not exercise authority to arrange client transactions in fixed income securities. Clients will provide this authority to a fixed income subadvisor retained by HBE on client's behalf by designating the fixed income subadvisor with trading authority over client's brokerage account. Clients will be provided with the Disclosure Brochure (Form ADV Part 2) of the fixed income subadvisor.

FIWS and SAS do not generally charge clients a custody fee and are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through FIWS or SAS or that settle into the clients' accounts at FIWS or SAS. Trading client accounts through other brokers may result in fees (including mark-ups and mark-downs) being charged by the custodial broker and an additional broker.

While HBE will not arrange transactions through other brokers, the authority of the fixed income subadvisor includes the ability to trade client fixed income assets through other brokers.

HBE does not have any arrangements to compensate any broker dealer for client referrals.

HBE does not maintain any client trade error gains. HBE makes client whole with respect to any trade error losses incurred by client caused by HBE.

HBE generally does not aggregate any client transactions in mutual fund or other securities. Client accounts are individually reviewed and managed, and transaction costs are not saved by aggregating orders in almost all circumstances in which HBE arranges transactions. BSP, in the management of client portfolios, will aggregate certain transactions among client accounts that it manages, in which case HBE client's orders may be aggregated with an order for another client of BSP who is not a HBE client. See BSP's Form ADV Part 2.

### **Item 13 – Review of Accounts**

#### **Reviews:**

##### **Investment Management Services:**

Account assets are supervised continuously and periodically reviewed by the investment adviser representatives of HBE. The periodic review process may contain some of the following elements:

- a. assessing client goals and objectives;
- b. evaluating the employed strategy(ies);
- c. monitoring the portfolio(s); and
- d. addressing the need to rebalance.

Additional account reviews may be triggered by any of the following events:

- a. a specific client request;
- b. a change in client goals and objectives;
- c. an imbalance in a portfolio asset allocation; and
- d. market/economic conditions.

Clients are advised that it remains their responsibility to advise HBE of any changes in their investment objectives and/or financial situation. Clients are encouraged to review their investment objectives and account performance with a representative of HBE on an annual basis.

For accounts managed by an Independent Manager, certain account review responsibilities are delegated to the Independent Manager, as described above in Item 4.

### **Employee Benefit Retirement Plan Services:**

Retirement plan assets are reviewed no more than quarterly, and according to the standards and situations described above for investment management accounts.

### **Reports:**

### **Investment Management Services:**

All investment management clients will receive written quarterly performance reports from HBE that summarize the client's account and asset allocation. Clients will also receive at least quarterly statements from their account custodian, which will outline the client's current positions and current market value.

### **Employee Benefit Retirement Plan Services:**

Employee Benefit Retirement Plan clients generally receive statements only from their account custodian. Plan sponsors are provided with quarterly information and annual performance reviews from HBE. In addition, plan participant education information may also be provided to the Plan Sponsor or Administrator for distribution to the participants of the plan.

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

As indicated under the disclosure for Item 12, FIWS and SAS provide HBE with access to services which are not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis at no charge.

These services benefit HBE but may not benefit its clients' accounts. Many of the products and services assist HBE in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of HBE's fees from its clients' accounts, and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of HBE's accounts. The recommended brokers, FIWS and SAS, also make available to HBE other services intended to help HBE manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. HBE does not, however, enter into any commitments with FIWS or SAS or any other broker for transaction levels in exchange for any services or products from FIWS, SAS or any other broker. While as a fiduciary, HBE endeavors to act in its clients' best interests, HBE's requirement that clients maintain their assets in accounts at FIWS or SAS may be based in part on the benefit to HBE of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by the broker, which may create a potential conflict of interest.

HBE also receives software from DFA, which HBE utilizes in forming asset allocation strategies and producing performance reports. DFA may also provide continuing education for HBE personnel. These services are designed to assist HBE plan and design its services for business growth.

### **Item 15 – Custody**

Clients should receive periodic statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. HBE urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

### **Item 16 – Investment Discretion**

HBE requests that it be provided with written authority to determine which securities and the amounts of securities that are bought or sold. For fixed income securities and sub-advisory services, this authority will include the discretion to retain a third-party money manager. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

When selecting securities and determining amounts, HBE observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to HBE in writing.

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

Proxy Disclosures: As a matter of Firm policy and practice, HBE does not accept the authority to and does not vote proxies on behalf of advisory client. Proxies or other solicitations are sent to the client directly from their custodian or transfer agent. For any pension plan or other employee benefit plan governed by ERISA, the right and responsibility to vote proxies has been expressly reserved to the plan trustees or other plan fiduciary. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. HBE, however, may provide advice to clients regarding the clients' voting of proxies.

Class Actions, Bankruptcies and Other Legal Proceedings: Clients should note that HBE will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct HBE to transmit copies of class action notices to the client or a third party. Upon such direction, HBE will make commercially reasonable efforts to forward such notices in a timely manner.



## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about HBE's financial condition. HBE has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.