

Item 1 - Cover Page  
**FORM ADV PART 2A**

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**February 29, 2024**

**This brochure provides information about the qualifications and business practices of Hammond Iles Wealth Advisors. If you have any questions about the contents of this Brochure, please contact us at (860) 258-2600 or (800) 416-1655 and/or [clientcare@hiwealth.com](mailto:clientcare@hiwealth.com). 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.**

**Additional information about Kelly Financial Group, LLC dba Hammond Iles Wealth Advisors also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Hammond Iles Wealth Advisors is 136372.**

**Any references to Hammond Iles Wealth Advisors as a registered investment adviser or its related persons as registered advisory representatives does not imply a certain level of skill or training.**

## **Item 2 Material Changes**

At least annually, this section will discuss only specific material changes that are made to the Brochure and provide you with a summary of such changes. Additionally, reference to the date of the last annual update to this Brochure will be provided.

Our last annual update of the brochure was February 15, 2023, we have made the following changes:

There have been no material changes.

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our fiscal year, which is December 31st. We may further provide other ongoing disclosure information about material changes as necessary.

Additionally, we will further provide you with a new brochure as necessary based on change or new information, at any time, without charge.

Our brochure can be requested free of charge by contacting Scott Solod at (860) 258-2600 or (800) 416-1655 and/or [clientcare@hiwealth.com](mailto:clientcare@hiwealth.com).

Additional information about Hammond Iles Wealth Advisors is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The website also provides information about any persons affiliated with Hammond Iles Wealth Advisors who are registered, or are required to be registered, as investment adviser representatives of Hammond Iles Wealth Advisors.

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## Item 4 Advisory Business

Hammond Iles Wealth Advisors (hereinafter referred to as "HIWA") is an investment advisory firm offering a variety of advisory services customized to your individual needs.

A. HIWA was established in 2001. R. Gregory Hammond is the Managing Member and primary owner. Scott Iles is the President and secondary owner. Additional business information about Greg and Scott is disclosed on the Supplemental Brochures attached to this Brochure.

B. HIWA offers the following advisory services. Each of the services is more fully described below.

- Dynamic Portfolio Management Program
- Third Party Manager Asset Management Platforms
- Financial Planning & Consulting Services
- Speaking Engagements

C. HIWA tailors the advisory services it offers to your individual needs. You may impose restrictions and/or limitations on the investing in certain securities or types of securities.

You should expect to have at least three meetings with HIWA. The first meeting is focused on gathering information about you and your financial situation and getting to know you. HIWA will complete a fact find questionnaire. Further, depending on the information gathered and the services you will receive, HIWA may complete a risk tolerance questionnaire. The second meeting HIWA will present recommendations. The third meeting is used for implementation, and to answer your questions. The information gathered by HIWA will assist HIWA to provide you with the requested services and customize the services to your financial situation. Depending on the services you have requested, HIWA will gather various financial information and history from you including, but not limited to:

- Retirement and financial goals
- Investment objectives
- Investment horizon
- Risk tolerance
- Financial needs
- Cash flow analysis
- Cost of living needs
- Education needs
- Savings tendencies
- Other applicable financial information required by HIWA in order to provide the investment advisory services requested.

D. HIWA does not participate in any wrap fee programs.

E. As of December 31, 2023, we have \$107,059,399 of client assets under our discretionary management. HIWA does not offer non-discretionary asset management services. Additionally, we provide investment advice on an additional \$272,590,272.42 of assets that are directly managed by the third party money manager. These assets are not considered assets under management since they are managed by Matson Money, Inc.

## **Dynamic Portfolio Management Program (DPM)**

HIWA offers asset management services whereby HIWA will manage your account on a discretionary basis based upon your individual investment goals, objectives, risk tolerance, and investment time horizon. The objective of HIWA's management services is long term growth to outpace inflation. The goal is to position portfolios in a broadly diversified allocation for long-term growth periodically reviewed and rebalanced to maintain your risk preference. The services include the following:

- a. Investor Profile - HIWA consults with the client to obtain detailed financial information and other pertinent data using an investor profile worksheet to enable HIWA to determine the appropriate investment guidelines, risk tolerance and other factors that will assist in ascertaining the suitability of the account.
- b. Portfolio Management Selection - HIWA provides asset management of your funds. HIWA diversifies and manages your portfolio. Investments are determined based upon your investment objectives, risk tolerance, net worth, net income and other various suitability factors. HIWA manages your account on an individualized basis. You may impose restrictions and guidelines which can affect the composition and performance of your portfolios. For these reasons, performance of portfolios within the same investment objective can differ and you should not expect the performance of your portfolio to be identical to the average client of HIWA.
- c. Sub-Advisor - HIWA may utilize Zachs Investment Management as a sub-advisor and its separate managed account strategies to provide additional diversification to the portfolio.
- d. Model portfolio services, tax transition, tax harvesting, and tax withdrawal services, and trade execution services may also be provided by 55IP, LLC ("55IP"). The services provided by 55IP are provided to HIWA at no cost and are not subject to any requirement to maintain a certain amount of client assets invested into 55IP Model Portfolios. However, 55IP is compensated directly by the product sponsors that comprise 55IP Model Portfolios.
- e. Performance Evaluation and Monitoring Services - Account reports will be provided to you on a monthly or quarterly basis by the account custodian.

Upon completing its analysis of your situation, HIWA will determine an asset allocation customized to your financial goals, objectives and risk tolerance. HIWA has designed various model portfolios. HIWA will determine which of its model portfolios would be most suitable for you. From there, HIWA customizes your portfolio allocation taking into consideration your limitations or restrictions, the market and economy at the time and your financial situation, goals and objectives.

HIWA will provide continuous and ongoing management of your account. Unless otherwise expressly requested by you, HIWA will manage your account on a discretionary basis and will make changes to the allocation as deemed appropriate by HIWA. HIWA will determine the securities to be purchased and sold in the account and will alter the securities holdings from time to time, without prior consultation with you. HIWA may actively trade securities and hold such holdings for periods of 30 days or less or maintain positions for long or short term periods. Discretionary authority will be granted by you to HIWA by execution of the Client Agreement.

HIWA primarily uses open-ended, no-load and load waived mutual funds purchased at net asset value (NAV) and exchange traded funds (ETFs). Additionally, for clients where HIWA deems appropriate closed-end funds and fixed income securities, such as corporate and municipal bonds and preferred stocks, are also utilized.

Transactions in the account, account reallocations and rebalancing are taxable events, with the exception of IRA accounts, 403(b) accounts and other qualified retirement accounts.

### **Third Party Manager Asset Management Services**

Asset management services are offered through a third-party asset manager not affiliated with HIWA. HIWA Advisory Representatives refer clients to a program deemed appropriate to the client under a co-advisory capacity. HIWA has entered into an agreement with Matson Money, Inc. to offer its asset management platform. Matson Money has designed several fund of funds consisting of a portfolio of registered investment companies. Matson Money's fund of funds portfolios are referred to as the Free Market Fund series or the Matson Money Fund series.

HIWA will assist the client to select an appropriate allocation model. HIWA will assist the client to complete applications and any forms required to establish an account and engage the third-party manager. At least annually, HIWA will endeavor to meet with the client to review their account, discuss changes to the client's financial situation, suitability of the model allocation and manager, and discuss any other financial issues.

Clients are advised that a conflict of interest exists for HIWA to recommend the services of a third-party manager where compensation will be earned by HIWA. Fees for such programs may be higher or lower than if client directly obtained the services of the third-party manager or if client obtained advisory services separately. Further, there are other third-party managers offering similar services for a lower cost for which HIWA will not receive compensation. To mitigate that conflict of interest disclosures are provided in this Disclosure Brochure.

HIWA will not directly conduct any securities transactions on behalf of the client or participate directly in the selection of the securities to be purchased or sold for the client. Investment decisions are made by the third-party manager in accordance with the agreement between client and manager.

Additional information about Matson Money and its services is disclosed in the Matson Money Disclosure Brochure provided to you by HIWA.

### **Financial Planning & Consulting Services**

Planning services are based on your financial situation at the time and are based on financial information disclosed by you to HIWA. You are advised that certain assumptions are made with respect to interest and inflation rates and use of past trends and performance of the market and economy. However, past performance is in no way an indication of future performance. HIWA cannot offer any guarantees or promises that your financial goals and objectives will be met. Further, you must continue to review the plan and update the plan based upon changes in your financial situation, goals, or objectives or changes in the economy. Should your financial situation or investment goals or objectives change, you must notify HIWA promptly of the changes. You are advised that the advice offered by HIWA may be limited and is not meant to be comprehensive. Therefore, you may need to seek the services of other professionals such as an insurance adviser, attorney and/or accountant.

You are not obligated to implement advice through HIWA or Advisory Representatives. Should you implement the plan with HIWA's Advisory Representatives commissions or other compensation will be received in addition to the advisory fee paid to HIWA.

## **Educational Seminars/Speaking Engagements**

HIWA offers to conduct seminars on various financial related topics. Generally, the seminars or workshops are educational and informative in nature and are not meant to provide specific advice regarding any one person's specific financial situation. Any individual wanting specific analysis and/or advice will be required to schedule an individual appointment with HIWA.

## **General Information**

Investment recommendations and advice offered by HIWA are not legal advice or accounting advice. You should coordinate and discuss the impact of financial advice with your attorney and/or accountant. You are advised that it is necessary to inform HIWA promptly with respect to any changes in your financial situation and investment goals and objectives. Failure to notify HIWA of any such changes could result in investment recommendations not meeting your needs.

## **IRA Rollover Recommendations**

Effective December 20, 2021 for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

## **IRA Rollover Considerations**

As part of our consulting and advisory services, we offer recommendations and advice concerning your employer retirement plan or other qualified retirement account. Our recommendations may include you consider withdrawing the assets from your employer's retirement plan or other qualified retirement account and rolling the assets over to an individual retirement account ("IRA"). Further, we offer our management services to be applied to those funds and securities rolled into an IRA or other account for which we will receive compensation. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as described below under Item 5. This practice

presents a conflict of interest because persons providing investment advice on your behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Furthermore, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by us.

It is important for you to understand that many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of each.

An employee will typically have four options:

1. Leave the funds in your employer's (former employer's) plan.
2. Move the funds to a new employer's retirement plan.
3. Cash out and taking a taxable distribution from the plan.
4. Roll the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your tax adviser.

If you are considering rolling over your retirement funds to an IRA for us to manage it is important you understand the following:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans often have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
  - c. It is likely you will not be charged a management fee and will not receive ongoing asset management services unless you elect to have such services. In the event your plan offers asset management or model management, there is a fee associated with the services that is more or less than our asset management fee.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may offer financial advice, guidance, and/or model management or portfolio options at no additional cost.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 73.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.



9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.

## **Item 5 Fees and Compensation**

### **Dynamic Portfolio Management Program**

A. Fees are negotiable fees based on several factors including services to be provided, complexity of the client, size of the account, and assets being managed. Fees are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds.

You may make additions to the Account or withdrawals from the Account, provided you notify HIWA. No fee adjustments will be made for additional deposits to the account or for partial withdrawals from the account during a calendar quarter. No fee adjustments will be made for Account appreciation or depreciation. HIWA may change the fee schedule upon 30-days prior written notice to you.

Maximum Annual Fee  
1%

If Zachs Investment Management is used as a sub-advisor and a separately managed account ("SMA") strategy is utilized, client will be charged an additional 0.55% based on the value of assets in the SMA strategy over and above HIWA's fee. HIWA will not receive any portion of the additional fee. The 0.55% fee is compensation to the sub-advisor and the platform provider.

B. The advisory fees payable upon initial implementation of the account are payable upon your receipt of the invoice from HIWA or collected directly from your account, provided you have given HIWA written authorization. You will be provided with an account statement sent by the account custodian reflecting the deduction of the advisory fee. If the Account does not contain sufficient funds to pay advisory fees, HIWA has limited authority to sell or redeem securities in sufficient amounts to pay advisory fees. You may reimburse the account for advisory fees paid to HIWA, except for ERISA and IRA accounts.

C. In addition to the advisory fees above, you will pay transaction fees for securities transactions executed in your account in accordance with the custodian's transaction fee schedule. Additionally, you will pay fees for custodial services, account maintenance fees, and other fees associated with maintaining the Account (e.g., wire fees, transfer fees, account closing fees, no activity fees). Such fees are not charged by HIWA and are charged by the product, broker/dealer or account custodian. HIWA does not share in any portion of such fees. Additionally, you will pay your proportionate share of the fund's management and administrative fees and sales charges as well as the mutual fund adviser's fee of any mutual fund they purchase. Such advisory fees are not shared with HIWA and are compensation to the fund-manager.

The broker/dealer through which transactions are directed offers various mutual funds with no transaction costs. However, mutual funds purchased with no transaction costs have a holding period requirement or a short-term redemption fee will be assessed to the client. The holding period will vary depending on the mutual fund and will range from 30 days to 90 days.

D. Advisory fees will be charged in advance on a calendar quarter basis. The fee will be calculated based on the value of the portfolio (excluding individual stock positions) on the last business day of the just completed calendar quarter. The initial fee will be based on the value of the account on the last business day of the calendar quarter in which the account was established and will be prorated. The first fee paid by client will consist of a prorated portion of the fee for the calendar quarter in which the account was established and the fee paid in advance for the next calendar quarter.

HIWA sometimes makes exceptions to our general fee schedule under certain circumstances (e.g., responsibilities involved, accounts or groups of accounts which are expected to have significant capital additions in the future, anticipated future earning capacity, related accounts, account composition, pre-existing client, account retention, pro bono activities, etc.). In such cases, lower fees or different payment arrangements can be negotiated with each client separately and will be described in the client's advisory agreement.

The formula used to calculate your HIWA advisory fee and the fee calculation example for a \$800,000 dollar account appears below:

Quarterly Advisory Fee = (Account Value X Account Fee) / 365 Days X Number of Days in Quarter  
Quarterly Advisory Fee = (\$800,000 X 1.00%) / 365 X 92 = \$2,016

E. Advisory Representatives of HIWA are dually Registered Representatives of Purshe Kaplan Sterling Investments ("PKS"), a registered broker/dealer, member of the Financial Regulatory Authority (FINRA) and SIPC. Securities such as some exchange traded funds, variable products, real estate investment products, mutual funds, direct participation programs, and other registered investment securities and pooled investment vehicles purchased through PKS on a commission basis will pay trailing commission to registered individuals. Advisory Representatives of HIWA who are Registered Representatives will receive trail commissions (i.e., 12b-1 fees) for a period of time as a result of directing securities transactions through PKS. Load and no-load mutual funds pay annual distribution charges, sometimes referred to as 12b-1 fees. 12b-1 fees come from fund assets, therefore, indirectly from your assets. 12b-1 fees are initially paid to PKS and a portion passed to the Advisory Representatives in their role as Registered Representatives with PKS. The receipt of such fees represents an incentive for the Advisory Representatives to recommend funds with 12b-1 fees over funds that have no fees or lower fees. As a result, there is a conflict of interest. To mitigate this conflict of interest this disclosure is provided.

HIWA recommends mutual funds that pay 12b-1 fees and no-load funds. You may purchase the securities recommended by HIWA directly or through other brokers or agents not affiliated with HIWA.

12b-1 fees are not paid to Advisory Representatives for securities held in fee-based accounts.

Furthermore, registered investment securities such as mutual funds and variable products offer the securities in various share classes. Different share classes are priced differently and share classes other than institutional share classes will involve higher internal costs that over time will cost you more. Institutional share classes often have higher trading costs. A client needs to consider the amount being invested and the length of the anticipated holding period to make a decision as to the share class most suitable to the client. Please read the disclosures under Item 10 below for important information about the advice and recommendations offered by Advisory Representatives and Registered Representatives. HIWA will consider the lowest cost share class funds available and appropriate to the situation taking into consideration several variables such as transaction fees, account activity such as systematic investments and withdrawals, anticipated distribution needs, and investment time horizon. However, in selecting the lowest cost share class, trading costs are sometimes higher. Selecting the lowest cost share class appropriate to the situation does not imply the lowest cost share class but

means what HIWA deems lowest cost for the situation. HIWA considers the anticipated holding period, cost structure, frequency of trading, and administrative and transaction costs associated with selecting a share class. However, there is no way to predict the future and there could be occasions where a holding is liquidated sooner or held longer resulting in higher costs to the client. As a general guideline, HIWA will utilize non-transaction fee funds where the client will pay higher internal costs for investments of less than \$24,000. Advisory Representatives of HIWA will not benefit from 12b-1 fees paid by the fund. No assurance can be provided that purchasing institutional shares where trading costs are higher or no-transaction fee funds where internal costs are higher as compared to institutional shares will be the least expensive because of the previous mentioned variables. It is important for clients to understand all securities have costs and registered investment securities, such as mutual funds and exchange traded funds, have internal costs and those costs vary depending on the share classes purchased. The fund prospectus contains disclosure of costs and fees.

Additional information about share classes can be found in an Investor Alert issued by the Securities and Exchange Commission at <https://www.sec.gov/oiea/investor-alerts-bulletins/ib-mutual-fund-classes>. Additionally, the SEC and FINRA provide investor information at [www.sec.gov](http://www.sec.gov) and [www.finra.org](http://www.finra.org).

#### Termination Provisions

You may terminate investment advisory services obtained from HIWA, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with HIWA. You will be responsible for any fees and charges incurred from third parties as a result of maintaining the account such as transaction fees for any securities transactions executed and account maintenance or custodial fees. Thereafter, you may terminate services upon HIWA's receipt of your written notice to terminate. Should you terminate services during a quarter, you will be refunded a pro-rata portion of the advisory fee for the quarter from the date of termination to the end of the calendar quarter.

#### Third Party Manager Asset Management Services

Clients utilizing the Matson Money platform will pay: 1) a fee to HIWA; 2) a fee to Matson Money included in the portfolio costs; 3) an asset base pricing fee to the account custodian; 4) management fees to the investment company managers included in the costs of the funds; and 5) any other costs associated with maintaining the account as further described below. Clients will pay HIWA a fee based on the fee schedule below. Matson Money's fee is paid at the fund level. Additional details about Matson Money's compensation are further disclosed in the Matson Money Form ADV Part 2A. Clients will be provided with a copy of the third-party manager's Disclosure Brochure at least at the time of entering into the advisory agreement with HIWA and the third-party manager.

Matson Money will calculate HIWA's fee and pay HIWA its portion of the fee.

HIWA Fee = maximum of 1.00%, the fee is negotiable and may be less than 1.00%. HIWA and the client will agree on HIWA's fee and disclose the fee in the Matson Money advisory agreement between client and Matson Money and on the Solicitor Disclosure.

The HIWA advisory fees calculated and charged to your account by Matson Money are based on the value of assets under their management. Traded securities are valued at market; annuities and life insurance contracts are valued at their accumulated value. Fees are payable quarterly in advance in increments of one-fourth the annual percentage. Fees are generally based upon the value of an account as of the last business day of each quarterly period. However, when you add assets to, or withdraw assets from, your Account during the quarter, Matson Money will refund its fee for withdrawals on a prorated basis and charge an additional fee for additions to an account on a prorated basis. Refunds will be made or additional fees collected within ninety (90) days of Matson Money's

receipt of notice of a withdrawal or addition. If pro-rated fee adjustments are to be paid by check, a minimum of One Dollar (\$1.00) must be due. Otherwise, there is no minimum threshold for pro-rated fee adjustments.

Matson Money charges a fee which is included in the Matson Fund costs and will not exceed 0.50% of each Fund's average daily net assets.

In addition to compensation paid to Matson Money and HIWA, client will pay fees and costs associated with maintaining the account at the account custodian and covering transaction fees. The Matson Money custodial relationship is an asset-based pricing model where the client will pay a fee based on the value of the account at the account custodian to cover transaction costs rather than a per trade ticket charge. This method of pricing will cost the client more or less depending on the type of securities purchased and the frequency of trading. Additionally, you will pay your proportionate share of the fund's management and administrative fees as well as the mutual fund adviser's fee of any mutual fund used within the Matson Money fund portfolios. It is important for the client to read the Matson Money Form ADV Part 2A disclosure brochure for additional information about fees and costs associated with this program.

## **Financial Planning & Consulting Services**

You are advised that fees for planning services are strictly for planning services. Therefore, you will pay fees and/or commissions for additional services obtained such as asset management or products purchased such as securities or insurance.

Fees are negotiable. Depending on the services requested by the client and the extent of the advisory relationship, HIWA offers advisory services for a flat quoted fee or an hourly fee based on the fee schedule below. HIWA will initially meet with you and provide you a quote for the services. The quote will be based on several factors, including but not limited to, time, number of meetings, complexity of your situation, staff time and resources, and any travel or additional consultations with other professionals.

Flat Fee not to exceed \$15,000

Hourly fee not to exceed \$300 per hour

You will be provided a quote of the fee based on the services you requested. HIWA will negotiate a payment schedule with each client based on the client's services. Fee can be payable monthly, upfront, quarterly or as agreed between client and HIWA. Fees are due in full upon plan presentation.

### **Termination Provisions**

You may terminate advisory services obtained from HIWA, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with HIWA. Thereafter, you may terminate investment advisory services with written notice to HIWA. You will be responsible for any time spent by HIWA.

## **Educational Seminars/Speaking Engagements**

HIWA is compensated for its seminars or speaking engagements, depending on the engagement. Fees will not exceed \$150 per person. The fee for each workshop or seminar will be predetermined and published on the seminar invitation. The fee will be based on several factors, including but not limited to, content, length of the engagement, location, and number of attendees. Fees will generally be due in advance and will only be refundable if the attendee cancels prior to the date of the workshop. Fees will not be negotiable once determined.

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

This section is not applicable to HIWA since HIWA does not charge performance-based fees.

## **Item 7 Types of Clients**

HIWA's services are geared toward individuals both high net worth and other than high net worth and corporations and other types of businesses. In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate your account if it falls below a minimum size which, in our sole opinion, is too small to manage effectively.

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

A. HIWA conducts fundamental analysis and point and figure technical analysis. Fundamental analysis generally involves assessing a company's or security's value based on factors such as sales, assets, markets, management, products and services, earnings, and financial structure. Technical analysis generally involves studying trends and movements in a security's price, trading volume, and other market-related factors in an attempt to discern patterns.

B. You are advised investing in securities involves risk of loss, including the loss of principal. Therefore, your participation in any of the management programs offered by HIWA will require you to be prepared to bear the risk of loss and fluctuating performance.

HIWA does not represent, warrant or imply that the services or methods of analysis used by HIWA can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to major market corrections or crashes. Past performance is no indication of future performance. No guarantees can be offered that your goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by HIWA will provide a better return than other investment strategies.

C. As stated above in Item 5, HIWA primarily uses mutual funds and exchange traded funds (ETFs).

The risks with mutual funds include the costs and expenses within the fund that can impact performance, change of managers, and fund straying from its objective. Open ended mutual funds do not typically have a liquidity issue and the price does not fluctuate throughout the trading day. Mutual fund fees are described in the fund's prospectus, which the custodian mails directly to the client following any purchase of a mutual fund that is new to the client's account. In addition, a prospectus is available online at each mutual fund company's website. At the client's request at any time HIWA will direct the client to the appropriate web page to access the prospectus.

ETFs trade on an auctionable market. Therefore, there is more price fluctuation with ETFs than with mutual funds since ETFs trade throughout the day, whereas mutual funds are priced once a day. Also, since most ETFs only mirror a market index, such as the S&P; 500, they won't outperform the index.

The risks with utilizing third party managed programs include:

- Market and economic risk.
- The risk the third-party manager is not managing to the objective or managing based on the stated strategy.
- The risk the securities managed by the third-party manager will decline or fluctuate impacting the overall performance of the portfolio.

- The risk that the performance of the portfolio will be diminished by the fees of the third-party manager and expenses associated with the securities.

**ESG Investing** - ESG Investing maintains a focus on Environmental, Social, and Governance issues. ESG investing may be referred to in many different ways, such as sustainable investing, socially responsible investing, and impact investing. ESG practices can include, but are not limited to, strategies that select companies based on their stated commitment to one or more ESG factors; for example, companies with policies aimed at minimizing their negative impact on the environment, social issues, or companies that focus on governance principles and transparency. ESG practices may also entail screening out companies in certain sectors or that, in the view of the investor, demonstrate poor management of ESG risks and opportunities or are involved in issues that are contrary to the investor's own principals.

**Risk:** "ESG Investing" is not defined in federal securities laws, may be subjective, and may be defined in different ways by different managers, advisers or investors. There is no SEC "rating" or "score" of ESG investments that could be applied across a broad range of companies, and while many different private ratings based on different ESG factors exist, they often differ significantly from each other. Different managers may weight environmental, social, and governance factors differently. Some ESG managers may consider data from third party providers which could include "scoring" and "rating" data compiled to help managers compare companies. Some of the data used to compile third party ESG scores and ratings may be subjective. Other data may be objective in principle, but are not verified or reliable. Third party scores also may consider or weight ESG criteria differently, meaning that companies can receive widely different scores from different third party providers. A portfolio manager's ESG practices may significantly influence performance. Because securities may be included or excluded based on ESG factors rather than traditional fundamental analysis or other investment methodologies, the account's performance may differ (either higher or lower) from the overall market or comparable accounts that do not employ similar ESG practices. Some mutual funds or ETFs that consider ESG may have different expense ratios than other funds that do not consider ESG factors. Paying more in expenses will reduce the value of your investment over time.

## **Item 9 Disciplinary Information**

There is no reportable disciplinary information required for HIWA or its management persons that is material to your evaluation of HIWA, its business or its management persons.

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

A. As previously stated, Advisory Representatives are dually registered as an Advisory Representative of HIWA and as a Registered Representative of PKS. You are under no obligation to purchase or sell securities through your Advisory Representative. However, if you choose to implement the plan, commissions will be earned in addition to any fees paid for advisory services. Commissions are higher, lower, or may be the same at PKS than at other broker/dealers. Advisory Representatives have a conflict of interest in having you purchase securities and/or insurance related products through PKS in that the higher their production with PKS the greater potential for obtaining a higher pay-out on commissions earned.

Under the rules and regulations of the FINRA, PKS has obligations to maintain records and perform other functions regarding certain aspects of the investment advisory activities of its Registered Representatives in relation to certain advisory accounts for which its Registered Representatives provide advice. These obligations require PKS to coordinate with and have the cooperation of the account custodian.

B. Neither HIWA nor management persons are registered or have an application pending as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

C. Kelly Financial Group, LLC is an insurance agency and offers various insurance products for which Kelly Financial Group, LLC and Advisory Representatives who are insurance licensed will receive commissions. Clients are under no obligation to purchase insurance products through Kelly Financial Group, LLC or supervised persons. Clients are encouraged to obtain quotes and comparisons from other insurance professionals. No guarantees are offered that the insurance products and services are the lowest cost or the best quality. There are various products available at various cost and quality levels. The receipt of commissions for the sale of insurance products is a conflict of interest.

HIWA attempts to mitigate the conflicts of interest with the receipt of commissions if recommendations are implemented by providing you with these disclosures. Further, you are encouraged to consult other professionals and may implement recommendations through other financial professionals. Furthermore, as Registered Representatives with PKS, Advisory Representatives are subject to a supervisory structure at PKS for their securities business.

D. As stated under Item 4, *Advisory Business* and Item 5 *Fees and Compensation* above, HIWA recommends an investment adviser (i.e., third-party manager) and will receive an advisory fee processed by the third-party manager and charged to you. Since HIWA has an interest in the compensation, any recommendation to another investment adviser is considered a material conflict of interest. Therefore, this disclosure is provided to you. HIWA selects third party managers based on several criteria including cost, type of management, history, ability to meet a need and provide a unique service.

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

### **Code of Ethics**

A. HIWA has a fiduciary duty to you to act in your best interest and always place your interests first and foremost. HIWA takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as HIWA's policies and procedures. Further, HIWA strives to handle your non-public information in such a way to protect information from falling into hands that have no business reason to know such information and provides you with HIWA's Privacy Policy. As such, HIWA maintains a code of ethics for its Advisory Representatives, supervised persons and staff. The Code of Ethics contains provisions for standards of business conduct to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about your transactions. Further, HIWA's Code of Ethics establishes HIWA's expectation for business conduct. A copy of our Code of Ethics will be provided to you upon request.

B. HIWA and its associated persons buy or sell securities identical to those securities recommended to you. Therefore, HIWA and/or its associated persons could have an interest or position in certain securities that are also recommended and bought or sold to you. HIWA and its associated persons will not put their interests before your interest. HIWA and its associated persons cannot trade in such a way to obtain a better price for themselves than for you or other clients.

C. HIWA is required to maintain a list of all securities holdings for its associated persons and develop procedures to supervise the trading activities of associated persons who have knowledge of your transactions and their related family accounts at least quarterly. Further, associated persons are prohibited from trading on non-public information or sharing such information.

#### Prohibition on Use of Insider Information

HIWA has adopted policies and procedures to prevent the misuse of "insider" information (i.e., material, non-public information). A copy of such policies and procedures is available to any person upon request.

## Item 12 Brokerage Practices

As previously stated, Advisory Representatives are Registered Representatives of PKS. As a result, they are subject to FINRA Conduct Rule 3040 which restricts them from conducting securities transactions away from PKS unless PKS provides them with written authorization. HIWA is independently owned and operated and not affiliated with PKS.

Not all investment advisers require you to maintain accounts at a specific broker/dealer. You may maintain accounts at another broker/dealer. However, the services provided by HIWA could be limited to only advice and may not include implementation, if PKS does not grant Advisory Representatives authorization to execute transactions.

HIWA does not maintain physical custody of your assets that we manage, although we are deemed to have custody under two situations. First, we are deemed to have custody if you give us authority to withdraw our fees from your account (see Item 15 Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We are independently owned and operated and not affiliated with Schwab. Second, we are deemed to have custody if you have a third party standing authorization and we have the authority to change the amount or timing of the transfers upon your request.

HIWA has an arrangement with Charles Schwab & Co., Inc ("Schwab"), a FINRA registered broker-dealer, member SIPC, as a qualified custodian. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we request that you use Schwab as custodian/broker, you will decide whether to do so and open your account with Schwab by entering into an account agreement directly with Schwab. We do not open the account for you. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account, as described in the next paragraph. Additionally, other custodians can be used depending on the third-party manager's relationship with other custodians.

#### *How We Select Brokers/Custodians*

We seek to select a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. Best execution does not simply mean the lowest transaction cost. Therefore, no single criteria will validate nor invalidate a custodian, but rather, all criteria taken together will be used in evaluating the currently utilized custodian. We consider a wide range of factors, including, among others, these:

- Ability to service you and us
- Combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- Capability to execute, clear and settle trades (buy and sell securities for your account)
- Capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services



- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- Industry reputation, staying power as a company, financial strength and viability
- Technology and educational resources
- Confidentiality and security of your information

There is an incentive for HIWA and the Advisory Representatives to recommend a broker/dealer over another based on the products and services that will be received rather than your best interest.

### Charles Schwab & Co., Inc. ("Schwab")

#### *Your Custody and Brokerage Costs*

For our clients' accounts it maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab's Cash Features Program. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

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

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide us and our 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 us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us as long as we keep a total of at least \$10 million of our clients' assets in accounts at Schwab. If we have less than \$10 million in client assets at Schwab, it may charge us quarterly service fees. The following is a more detailed description of Schwab's support services:

**Services that Benefit You.** Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

**Services that May Not Directly Benefit You.** Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

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

Services that Generally Benefit Only Us. Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits 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 us. 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 us with other benefits such as occasional business entertainment of our personnel.

#### *Our Interest in Schwab's Services*

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as we keep a total of at least \$10 million of client assets in accounts at Schwab unless Schwab otherwise decides to waive the fee. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum gives us an incentive to recommend that you maintain your account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services (based on the factors discussed above - see "How We Select Brokers/Custodians") and not Schwab's services that benefit only us.

#### Purshe Kaplan Sterling Investments ("PKS")

PKS has a wide range of approved securities products for which PKS performs due diligence prior to selection. PKS' Registered Representatives are required to adhere to these products when implementing securities transactions through PKS. Commissions charged for these products are higher, lower, or may be the same as the commissions you could obtain if transactions were implemented through another broker/dealer. PKS also provides Advisory Representatives, and therefore HIWA, with back-office operational, technology, and other administrative support. Other services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. Such services are intended to help Advisory Representatives and HIWA manage and further develop its business enterprise.

PKS and its clearing broker/dealer also make available to HIWA other products and services that benefit HIWA but may not directly benefit you. Some of these other products and services assist HIWA with managing and administering your accounts. These include software and other technology that provide access to your account data (such as trade confirmation and account statements); facilitate trade execution; provide research, pricing information and other market data; facilitate payment of HIWA's fees from your accounts; and assist with back-office functions; record-keeping and client reporting. Many of these services generally may be used to service all or a substantial number of HIWA's accounts, including accounts not held through PKS.

#### **Aggregated Trading**

HIWA can aggregate ("bunch") transactions in the same security on behalf of more than one client in an effort to strive for best execution and to possibly reduce the price per share and/or other costs to clients. However, aggregated or bunched orders will not reduce the transaction costs to participating

clients. HIWA conducts aggregated transactions in a manner designed to ensure that no participating client is favored over another client. Participating clients will obtain the average share price per share for the security executed that day. To the extent the aggregated order is not filled in its entirety and when possible, securities purchased or sold in an aggregated transaction will be allocated on a random basis. Under certain circumstances, the amount of securities maybe increased or decreased to avoid holding odd-lot or a small number of shares for particular clients.

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

A. If you are participating in the Dynamic Portfolio Management Program you will be invited to participate in reviews at least annually or as agreed by you and your Advisory Representative. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. The review process contains the following elements: a) assess your goals and objectives; b) evaluate the strategy which has been employed; c) monitor the portfolio at least on a quarterly basis; and d) address the need to rebalance. Your Advisory Representative will monitor for changes or shifts in the economy, changes to the management and structure of a mutual fund or company in which your assets are invested, and market shifts and corrections.

If you are participating in Financial Planning & Consulting Services you will not receive regular reviews. HIWA recommends you have at least an annual review and update to any plans. However, the time and frequency of the reviews is solely your decision. Additionally, you will be charged review fees based on the fee schedule disclosed under the program. Other than the initial plan or analysis, there will be no other reports issued.

B. You are advised that you must notify your Advisory Representative promptly of any changes to your financial goals, objectives or financial situation as such changes may require your Advisory Representative to review the portfolio allocation and make recommendations for changes.

C. You will be provided statements at least quarterly direct from the account custodian. Additionally, you will receive confirmations of all transactions occurring direct from the account custodian.

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

A. As disclosed above in Items 4 and 5, HIWA offers third-party asset management services with Matson Money, Inc. Advisory Representatives of HIWA are co-advisors with Matson Money third-party managed accounts. Therefore, as a result of your engaging Matson Money, Inc., HIWA will receive an advisory fee processed by Matson Money and paid by you. This is considered a conflict of interest because HIWA and Advisory Representatives have a direct interest in a client's engagement of the third-party manager. To mitigate this conflict of interest this disclosure is provided as well as those disclosures in Items 4 and 5.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 - Brokerage Practices). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Product vendors recommended by HIWA offer monetary and non-monetary assistance with client events, provide educational tools and resources. Additionally, product sponsors, insurance companies, and third-party managers from time to time will cover the costs for an Advisory Representative to attend due diligence meetings or educational related conferences and/or travel expenses. HIWA does

not select products as a result of any monetary or non-monetary assistance. The selection of product is first and foremost. HIWA's due diligence of a product does not take into consideration any assistance it could receive.

B. HIWA does not compensate non-advisory personnel (solicitors/promoters) for client referrals.

## **Item 15 Custody**

Schwab will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from Schwab will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

### **Wire Transfer and/or Standing Letter of Authorization**

Our firm, or Advisory Representatives, may effect wire transfers from client accounts to one or more third parties designated, in writing, by the client without obtaining written client consent for each separate, individual transaction, as long as the client has provided us with written authorization to do so. Such written authorization is known as a Standing Letter of Authorization. An adviser with authority to conduct such third party wire transfers has access to the client's assets, and therefore has custody of the client's assets in any related accounts.

However, we do not have to obtain a surprise annual audit, as we otherwise would be required to by reason of having custody, as long as the following criteria are met:

1. You provide a written, signed instruction to the qualified custodian that includes the third party's name and address or account number at a custodian;
2. You authorize us in writing to direct transfers to the third party either on a specified schedule or from time to time;
3. Your qualified custodian verifies your authorization (e.g., signature review) and provides a transfer of funds notice to you promptly after each transfer;
4. You can terminate or change the instruction;
5. We have no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party;
6. We maintain records showing that the third party is not a related party to us nor located at the same address as us; and
7. Your qualified custodian sends you, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

If any third party Standing Letters of Authorization are used, HIWA will comply with the conditions of the safe harbor provisions, therefore making it exempt from the annual surprise exam requirement for Advisers that have custody.

## **Item 16 Investment Discretion**

By execution of HIWA's advisory agreement you grant HIWA authorization to manage your account on a discretionary basis. Discretionary authority will give HIWA the authority to buy, sell, exchange, convert securities in your managed accounts. You will grant such authority to HIWA by execution of the advisory agreement. You can terminate discretionary authorization at any time upon receipt of written notice by HIWA.

Additionally, you are advised that:

- You may set parameters with respect to when account should be rebalanced and set trading restrictions or limitations;
- Your written consent is required to establish any mutual fund, variable annuity, or brokerage account;
- HIWA requires the use of the broker/dealer with which your Advisory Representative is registered for sales in commissionable mutual funds or variable annuities if you elect to implement recommendations through your Advisory Representative.

## **Item 17 Voting Client Securities**

HIWA does not vote your securities. Unless you suppress proxies, securities proxies will be sent directly to you by the account custodian or transfer agent. You can contact HIWA about questions you have an opinion on how to vote the proxies. However, the voting and how you vote the proxies is solely your decision.

## **Item 18 Financial Information**

A. HIWA will not require you to prepay more than \$1,200 and six or more months in advance of receiving the advisory service.

B. HIWA does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you.

C. HIWA has not been the subject of a bankruptcy petition.

## **Item 19 Requirements for State Registered Advisers**

This section is not applicable to HIWA. HIWA is not state registered. HIWA is registered with the Securities and Exchange Commission.

## **Item 20 Additional Information**

### **Trade Errors**

In the event a trading error occurs in your account, HIWA's policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.