

**FORM ADV PART 2A  
DISCLOSURE BROCHURE**



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This brochure provides information about the qualifications and business practices of Highland Investment Advisors, LLC. Being registered as an investment adviser does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at 414-755-2309. 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 HIGHLAND INVESTMENT ADVISORS,  
LLC (CRD #141694) IS AVAILABLE ON THE SEC'S WEBSITE AT  
[WWW.ADVISERINFO.SEC.GOV](http://WWW.ADVISERINFO.SEC.GOV)**

## **Item 2: Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

This update is in accordance with the required annual update for Registered Investment Advisors. Since the last filing on July 31, 2023 the following material changes have occurred:

- Item 4 has been updated to disclose the most recent calculation for assets under management.
  - Items 4 & 5 updated to include Assets Held Away service.
  - The term “solicitor” has been updated to “referring party.”
  - Custodial information updated in item 12.
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### **Full Brochure Available**

This Firm Brochure being delivered is the complete brochure for the Firm.

## Item 3: Table of Contents

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## **Item 4: Advisory Business**

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### **Firm Description**

Highland Investment Advisors, LLC ("HIA") was founded in 2006. Adam Drake is 100% owner. Highland Investment Advisors LLC provides investment advice under Highland Investment Advisors LLC ("HIA"), Highland Investment Advisors LLC DBA Fund Management ("FM"), and Highland Investment Advisors LLC DBA Whitman Wealth Management ("WWM"). Fund Management ("FM") and Whitman Wealth Management have separate ADVs, available upon request or on our website.

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### **Types of Advisory Services**

#### ASSET MANAGEMENT

HIA offers discretionary and non-discretionary asset management services to advisory Clients. HIA will offer Clients ongoing asset management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors.

#### Discretionary

When the Client provides HIA discretionary authority the Client will sign a limited trading authorization or equivalent. HIA will have the authority to execute transactions in the account without seeking Client approval on each transaction.

#### Non-Discretionary

When the Client elects to use HIA on a non-discretionary basis, HIA will determine the securities to be bought or sold and the amount of the securities to be bought or sold. However, HIA will obtain prior Client approval on each and every transaction before executing any transaction.

When deemed appropriate for the Client, HIA may hire Sub-Advisors to manage all or a portion of the assets in the Client account. HIA has full discretion to hire and fire Sub-Advisors as they deem suitable. Sub-Advisors will maintain the models or investment strategies agreed upon between Sub-Advisor and HIA. Sub-Advisors execute trades on behalf of HIA in Client accounts. HIA will be responsible for the overall direct relationship with the Client. HIA retains the authority to terminate the Sub-Advisor relationship at HIA's discretion.

HIA is an authorized provider of Dimensional Fund Advisor ("DFA") mutual funds and may purchase and hold DFA funds in client portfolios. DFA funds are generally not available through retail investment channels. This restriction may limit a client's ability to manage these funds should the client subsequently terminate his/her relationship with HIA.

As part of the recommendations provided, the Client may have a financial plan completed. This may include but is not limited to a thorough review of all applicable topics such as Investments, Taxes, Qualified Plans, Insurance, Retirement Income, College Planning, Home Buying, Budgeting, Debt Management, Emergency Funds, and Risk Tolerance Assessment. If a conflict of interest exists between the interests of HIA and the interests of the Client, the Client is under no obligation to act upon HIA's recommendation. If the Client elects to act on any of the recommendations, the Client is under no obligation to effect the transaction through HIA. This service will be provided at no additional cost to the Client.

### ASSETS HELD AWAY

HIA uses a third party platform to facilitate management of held away assets such as defined contribution plan participant accounts, with discretion. The platform allows us to avoid being considered to have custody of Client funds since we do not have direct access to Client log-in credentials to affect trades. We are not affiliated with the platform in any way and receive no compensation from them for using their platform. A link will be provided to the Client allowing them to connect an account(s) to the platform. Once Client account(s) is connected to the platform, HIA will review the current account allocations. When deemed necessary, HIA will rebalance the account considering client investment goals and risk tolerance, and any change in allocations will consider current economic and market trends. The goal is to improve account performance over time, minimize loss during difficult markets, and manage internal fees that harm account performance. Client account(s) will be reviewed at least quarterly and allocation changes will be made as deemed necessary.

### FINANCIAL PLANNING AND CONSULTING

Financial planning services include a comprehensive evaluation of an investor's current and future financial state and will be provided by using currently known variables to predict future cash flows, asset values and withdrawal plans. HIA will use current net worth, tax liabilities, asset allocation, and future retirement and estate plans in developing financial plans.

Typical topics reviewed in a financial plan may include but are not limited to:

- **Financial goals:** Based on an individual's or a family's clearly defined financial goals, including funding a college education for the children, buying a larger home, starting a business, retiring on time or leaving a legacy. Financial goals should be quantified and set to milestones for tracking.
- **Personal net worth statement:** A snapshot of assets and liabilities serves as a benchmark for measuring progress towards financial goals.
- **Cash flow analysis:** An income and spending plan determines how much can be set aside for debt repayment, savings and investing each month.
- **Retirement strategy:** A strategy for achieving retirement independent of other financial priorities. Including a strategy for accumulating the required retirement capital and its planned lifetime distribution.
- **Comprehensive risk management plan:** Identify all risk exposures and provide the necessary coverage to protect the family and its assets against financial loss. The risk management plan includes a full review of life and disability insurance, personal liability coverage, property and casualty coverage, and catastrophic coverage.
- **Long-term investment plan:** Include a customized asset allocation strategy based on specific investment objectives and a risk profile. This investment plan sets guidelines for selecting, buying and selling investments and establishing benchmarks for performance review.
- **Tax reduction strategy:** Identify ways to minimize taxes on personal income to the extent permissible by the tax code. The strategy should include identification of tax-favored investment vehicles that can reduce taxation of investment income.

- **Estate preservation:** Help update accounts, review beneficiaries for retirement accounts and life insurance, provide a second look at your current estate planning documents, and prompt you to update your plan when the legal environment changes or you have major life events such as a marriage, death, or births.

If a conflict of interest exists between the interests of HIA and the interests of the Client, the Client is under no obligation to act upon HIA's recommendation. If the Client elects to act on any of the recommendations, the Client is under no obligation to effect the transaction through HIA. Financial plans will be completed and delivered inside of ninety (90) days contingent upon timely delivery of all required documentation.

### SUBSCRIPTION-BASED FINANCIAL PLANNING

This service involves working one-on-one with Beverly over an extended period of time. By paying the monthly fee, Clients will work with Beverly to identify and prioritize goals and develop and implement their financial plan. Upon desiring a comprehensive plan, a Client will be taken through a four or five-meeting process over two or three months to assist them in establishing their goals and values around money. They will be required to provide information to help complete the following areas of analysis: net worth, cash flow, insurance, employee benefits, retirement planning, insurance, investments, college planning, and estate planning. Once the Client's information is reviewed and data is compiled, a draft will be reviewed with the Client. Clients Point A (where they are now) is established. Once the draft is reviewed with the client, a final meeting is scheduled to address how to reach their goals or their Point B (where they are going). Clients subscribing to this service will receive a written or an electronic report, providing the Client with a detailed financial plan designed to work towards Clients' stated financial goals and objectives. This report will include at a minimum a Net Worth Statement, ten years of cash flow statements, a Monte Carlo analysis, and recommendations. If a follow-up meeting is required, we will meet at the Client's convenience. While the implementation of the plan is solely the client's responsibility, Beverly is available for assistance or as questions arise. On an annual basis, clients are invited for a full review of this plan to ensure any required adjustments are made.

### FINANCIAL INSTITUTION SERVICES

HIA provides investment advisory services, acting as a third-party manager, to certain broker/dealers' customers ("Brokerage Customers"). These Brokerage Customers are referred to Highland by the broker/dealers and their referring parties. The Brokerage Customers enter into a written advisory agreement with HIA, similar to the advisory agreement for non-broker/dealer Customers. No additional fee to the client is charged as a result of the relationship between HIA and broker/dealers and/or HIA and the broker/dealers' referring parties. Brokerage Customers receive a disclosure before or concurrent with signing an advisory agreement with HIA that describes the relationship between HIA and the broker/dealer and its referring party. Please reference Section E



under “Item 5 - Fees and Compensation” and Section G under “Item 10 - Other Financial Industry Activities and Affiliations” for more information related to this arrangement.

#### PROFESSIONAL REIMBURSEMENT OPTION

The professionals at Highland Investment Advisors are strong believers that we provide the greatest level of value to our clients by building a relationship that is based upon the confidence that only a strong financial plan can provide. In order for that plan to be successful, it must be based upon the most current and complete information, and very often requires the engagement of outside professionals who possess very specific skill sets. Effective collaboration with other professionals, most notably Certified Public Accountants, Enrolled Agents, and licensed Estate Planning Attorneys, gives us the greatest opportunity to craft a successful working plan.

Based upon this need, and in a desire to encourage our clients to engage with the best independent professionals in this area, we have created the Professional Reimbursement Option (PRO) Plan. The PRO Plan allows you to hire the tax- or estate-planning professional of your choice, and within the terms of the Plan you will receive a management fee credit back from Highland for the professional service fees that you incur, up to a set limit amount. To benefit from this plan the following criteria must be met:

The Accounting or Estate Planning profession that you retain must be practicing in good standing, and must be professionally credentialed with a Certified Public Accountant (CPA) or Enrolled Agent (EA) designation, or must be a member of the State Bar Association.

The independent professional must be truly independent, must serve the client in a fiduciary capacity, and must not be in a position that could create conflicts of interest with regard to investment advice or commission-driven activities. This means that to qualify for PRO Plan reimbursement the professional may not possess any form of Securities Licensing, either through FINRA or the SEC, nor may they engage in the sale of insurance-related products. Additionally, the professional’s employing firm may not have any individuals on staff who are securities licensed or engaged in the sale of insurance products, nor may the firm have a common ownership or affiliation with another “outside firm” that engages in those activities.

To participate in this program, Highland Investment Advisor must be the client’s sole investment/financial planning professional. While utilizing multiple investment professionals is always a client’s right, we have found that this arrangement is most valuable and effective for those individuals who utilize one primary advisor in each of their respective capacities. Certain types of investment accounts, such as employer-sponsored Retirement plans or self-directed trading accounts may be exempted, if Highland deems it to be in the best interest of the client.

Because the purpose of this program is to encourage greater informational access and collaboration, in order to qualify for reimbursement under this plan the completed income tax return(s) or estate plan documents must be shared in full with a client’s advisor at Highland.

In order for a client to receive the reimbursement amount for their professional services, their managed relationship with Highland must be in place for at least 90 days prior to the request for a credit.

Credits are available on a calendar year basis, and unused benefits are not transferable from year-to-year.

If the client qualifies for the PRO Plan, as outlined above, the following reimbursement credits would be available to them to offset or eliminate their income tax or estate planning costs.

<b>Assets Under Management</b>	<b>Credit Available</b>
Under \$500,000	No credit available at this time
\$500,000 to \$1,000,000	\$500.00
\$1,000,001 to \$2,500,000	\$1,000.00
\$2,500,001 to \$5,000,000	\$2,500.00
Over \$5,000,000	\$3,500.00

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#### **Client Tailored Services and Client Imposed Restrictions**

The goals and objectives for each Client are documented in our Client files. Investment strategies are created that reflect the stated goals and objectives. Clients may impose restrictions on investing in certain securities or types of securities. Agreements may not be assigned without written Client consent.

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#### **Wrap Fee Programs**

HIA does not sponsor any wrap fee programs.

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#### **Client Assets under Management**

HIA has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$239,235,868	\$0	December 31, 2023

## Item 5: Fees and Compensation

### Method of Compensation and Fee Schedule

#### ASSET MANAGEMENT

HIA offers direct asset management services to advisory Clients. HIA charges an annual investment advisory fee based on the total assets under management as follows:

#### **Annualized Advisory Fee Schedule**

<b>Portfolio Size</b>	<b>Annual Fee as % of Portfolio</b>
First \$250,000 (\$0 – \$250,000)	1.25%
Next \$2,250,000 (\$250,001 - \$2,500,000)	1.00%
Next \$2,500,000 (\$2,500,001 - \$5,000,000)	0.75%
Above \$5,000,000	0.50%
Charitable/Non-profit Organizations	0.45%

The annual fee is negotiable based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with Clients, etc.). Fees are billed quarterly in arrears based on an average daily balance of the account for the previous quarter. Additionally, this is a tiered/blended fee schedule, the asset management fee is calculated by applying different rates to different portions of the portfolio. HIA may group certain related Client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

The calculation for the average daily balance is based on the formula  $(A/D) \times F$ .

A = the sum of the daily balances in the billing period

D = number of days in the billing period

F = quarterly management fee

**For example (based on quarterly billing period):** the first step taken using the average-daily-balance calculation method would be to take the average of the values of the Client's account over the course of the entire quarter. For instance 85 days at \$1 million plus six days at \$500,000 averages out to approximately \$967,032. This account would be charged \$2,573.83 for the quarter.

<u>AUM</u>	<u>Quarterly Fee</u>	<u>Total</u>
First \$250,000	x .003125 =	\$781.25
Next \$717,032	x .0025 =	<u>\$1,792.58</u>
Grand total for the quarter		\$2,573.83

HIA may also utilize the services of a Sub-Advisor to manage Clients' investment portfolios. HIA will enter into Sub-Advisor agreements with other registered investment advisor firms. When using Sub-Advisors, the Client will not pay additional fees. The Sub-Advisors fees are inclusive of the total fee disclosed by HIA.

Lower fees for comparable services may be available from other sources. Clients may terminate their account within five (5) business days of signing the Investment Advisory Agreement with no obligation and without penalty. After the initial five (5) business days,

the agreement may be terminated by HIA with thirty (30) days written notice to Client and by the Client at any time with written notice to HIA. For accounts opened or closed mid-billing period, fees will be prorated based on the days services are provided during the given period. All unpaid earned fees will be due to HIA. Client shall be given thirty (30) days prior written notice of any increase in fees. Any increase in fees will be acknowledged in writing by both parties before any increase in said fees occurs.

#### ASSET HELD AWAY

HIA offers discretionary direct asset management services to advisory Clients. HIA charges an annual investment advisory fee based on the total assets under management as follows:

<b>Portfolio Size</b>	<b>Annual Fee as % of Portfolio</b>
First \$250,000 (\$0 – \$250,000)	1.25%
Next \$2,250,000 (\$250,001 - \$2,500,000)	1.00%
Next \$2,500,000 (\$2,500,001 - \$5,000,000)	0.75%
Above \$5,000,000	0.50%
Charitable/Non-profit Organizations	0.45%

The annual fee is negotiable. The Advisory Fee for the initial period will be paid on a pro rata basis based on the number of days in the billing period for which services under this Agreement were provided, in arrears, based on the billing period ending value of the Client's managed assets, in accordance with the fee schedule listed in the Agreement. For all future periods, the Advisory Fee will be assessed and payable each billing period, in arrears, based on the balance of Client's managed assets as of the prior period-end, in accordance with the fee schedule listed in the Agreement. By executing this Agreement, Client is authorizing HIA to debit its Advisory Fees directly from one or more of the Client's Accounts. The Advisory Fee payable for any Held Away Account will be deducted directly from another Client Account, and if there are insufficient funds available in another Client Account or HIA believes that deducting the Advisory Fee from another Client Account would be prohibited by applicable law, it will invoice the Client.

No fee adjustment will be made for Account deposits and withdrawals during a billing period.

In addition to the fees paid to HIA, investments used in managing the Account may subject Client to additional fees. For example, mutual funds, index funds, exchange traded funds and private funds typically charge ongoing management fees and have other expenses for the operation of those funds. These fees should not be confused with "loads" or commissions. HIA does not receive any additional compensation, either directly or indirectly, from these investments.

#### FINANCIAL PLANNING AND CONSULTING

The minimum professional fees for our Financial Planning and Consulting services are outlined in the table below. Our fee is based upon the complexity of the work to be performed.

Service Level	Total Financial Planning Fee
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Individual – Standard	\$3,100 (\$1,000 retainer)
Individual – Complex	\$4,200 (\$1,500 retainer)
Couple – Standard	\$4,650 (\$1,470 retainer)
Couple – Complex	\$6,200 (\$2,000 retainer)

The retainer is due and payable upon execution of the Client Agreement. The remainder of the fees are payable upon delivery of the plan, via monthly payments, or via quarterly payments in arrears.

#### SUBSCRIPTION-BASED FINANCIAL PLANNING

Subscription-based financial planning is available for a fee starting at \$175/month.

Fees for financial plan billing are detailed in the Client Agreement.

#### FINANCIAL INSTITUTION SERVICES

HIA receives a fee based on the Assets Under Management from Brokerage Customers who have provided written consent to a broker/dealer to receive the investment services from HIA and who have entered into a written advisory agreement with HIA. The fee is calculated from the Assets Under Management as of the end of a calendar quarter period multiplied by the annualized rate as specified in HIA's advisory agreement with the Brokerage Customer. Fees charged to clients are shared between HIA and the broker/dealer per the referral agreement between HIA and the broker/dealer. The percentage of the fee shared between HIA and the broker/dealer and their referring party may vary based on factors such as the size of the relationship or services rendered, but is generally split 70%/30% in favor of the broker/dealer. No additional fee to the client is charged as a result of the relationship between HIA and broker/dealers and/or HIA and the broker/dealers' referring party. Please reference Section E under "Item 4 – Advisory Business" and Section G under "Item 10 - Other Financial Industry Activities and Affiliations" for more information related to this arrangement.

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#### **Client Payment of Fees**

Fees for asset management services are:

- Deducted from a designated Client account. The Client must consent in advance to direct debiting of their investment account.

Fees for financial plans will be billed:

- Deducted from a designated Client account. The Client must consent in advance to direct debiting of their investment account.
- Check – to be remitted by Client to HIA
- Deducted from a non-qualified account managed by HIA

- Electronic Payment via ACH, Debit Card, or Credit Card (fees will be paid via a third party payment processor in which the client will securely input payment information and pay the advisory fee through a secure portal. HIA will not have continuous access to the Client's banking information.)

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**Additional Client Fees Charged**

Custodians may charge transaction fees and other related costs on the purchases or sales of mutual funds, equities, bonds, options and exchange-traded funds. Mutual funds, money market funds and exchange-traded funds also charge internal management fees, which are disclosed in the fund's prospectus. HIA does not receive any compensation from these fees. All of these fees are in addition to the management fee you pay to HIA. For more details on the brokerage practices, see Item 12 of this brochure.

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**Prepayment of Client Fees**

HIA does not require any prepayment of fees of more than \$500 per Client and six months or more in advance.

If the Client cancels after five (5) business days, any unearned fees will be refunded to the Client, or any unpaid earned fees will be due to HIA.

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**External Compensation for the Sale of Securities to Clients**

Investment Advisor Representatives of HIA receive external compensation from sales of investment related products such as insurance as licensed insurance agents. This represents a conflict of interest because it gives an incentive to recommend products based on the commission received. This conflict is mitigated by disclosures, procedures, and HIA's fiduciary obligation to place the best interest of the Client first and Clients are not required to purchase any products or services. Clients have the option to purchase these products through another insurance agent of their choosing.

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

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**Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

HIA does not use a performance-based fee structure because of the conflict of interest. Performance based compensation may create an incentive for HIA to recommend an investment that may carry a higher degree of risk to the Client.

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**Item 7: Types of Clients**

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**Description**

HIA generally provides investment advice to individuals, high net worth individuals, trusts, estates, or charitable organizations, and non-profits. Client relationships vary in scope and length of service.

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**Account Minimums**

HIA requires a minimum of \$500,000 to open an account. In certain instances, the minimum account size may be lowered or waived.

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

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### **Methods of Analysis**

Investment advisory service begins with a thorough understanding of the client's current situation, personal goals, and financial objectives. Information is gathered by means of personal interviews, risk assessment evaluations, and data gathering questionnaires. The data gathering process is collaborative. Clients are asked to thoroughly and candidly discuss or provide information on topics such as; their personal status, investment holdings, personal/family financial needs and goals, and their investment knowledge and experience. This in-depth information gathering process enables HIA to provide well-informed advice to clients. It also helps determine which services or investment style is appropriate for the client.

Once the client's investment objectives and investment risk tolerance are identified, a model portfolio is recommended to clients to assist them in achieving their investment objectives. The model portfolio may contain a mix of equity and debt securities with a view toward achieving a particular rate of return in relation to an identified risk tolerance.

**All investments entail some level of risk, the major sources of which are; market risk, interest rate risk, and inflation risk. While an attempt is made to minimize these risks through prudent investment strategies and portfolio design and construction, the risk of loss to the client is still present and real.**

**No claims can be made, nor any guarantees offered for protection of clients against potential or actual loss. Clients are encouraged to discuss their evolving risk tolerance with HIA at any time.**

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### **Investment Strategy**

HIA's investment management philosophy is based on the concept of Functional Investing which rationalizes investments into three main categories or functions:

1. Growth,
2. Risk Reduction, and
3. Inflation Protection (GRIP).

Each GRIP category incorporates investments which are consistent with that objective. For example, the Growth component primarily contains equity securities, Risk Reduction contains fixed income securities / alternative investments, and Inflation Protection may include commodities, real estate and inflation protected fixed income securities.

The combination of the three GRIP components establishes the character and behavior of the constituent portfolio. HIA believes each of the GRIP components should have some representation in a portfolio. The proportions of each GRIP component depends upon the client's risk aversion, return expectations, and other unique factors.

Several other time-tested fundamental investment principles round out HIA's investment philosophy. First, HIA believes in the general efficiency of the markets, but recognizes that they do not always behave rationally; Second, that there is a relationship between the rate of return that can be achieved and the amount of risk undertaken; and Third, that diversification among and within asset classes in order to manage risk is prudent.

HIA's model portfolios are created and managed using the current body of knowledge amassed from 50 years of academic investment and financial research and analysis, including the well-known "Modern Portfolio Theory" ("MPT"). According to MPT, a relationship exists between an asset class's risk and its expected return. Successful investing means not only capturing risks that generate expected return but reducing risks that do not. Avoidable risks include holding too few securities, betting on countries or industries, following market predictions, and speculating on "information" from news shows, rating services, or internet investment tips. To all these, diversification is considered the antidote in that it washes away the random fortunes of individual stocks and positions in a portfolio to capture the returns of broad economic forces.

In addition to established and new academic literature and studies, HIA utilizes fundamental analysis, investment periodicals, Morningstar, the internet and other sources of information to help us evaluate, refine and implement investment strategy and portfolio design.

Model portfolios' potential risk and expected return vary according to the weighting of the various GRIP components in each portfolio with a bias in favor of small capitalization equities and value-oriented equities. In general, the greater the proportion of stocks a portfolio holds, especially small cap and value stocks, the more "aggressive" is its risk and the greater is its expected return.

Traditional active managers strive to beat the market by taking advantage of pricing "mistakes" and by attempting to predict the future. Too often, this proves costly and futile. HIA helps clients succeed at investing, not speculating. HIA's management style thoroughly rejects the notion that additional return can be earned by predicting, or timing the markets. HIA focuses on designing and maintaining the optimal asset allocation consistent with the client's objectives and risk tolerance.

As a risk management technique, HIA may employ Hedging Strategies on a case-by-case basis. Because Hedging Strategies involve the use of stock options, only client accounts that have properly authorized option trading are eligible. Hedging Strategies may include selling "covered calls" or creating "option collars" and will be used for hedging purposes only, and not speculation. Hedging strategies will be used only for clients who have provided full consent by signing the Investment Management Agreement.

HIA attempts to minimize both direct and indirect portfolio costs and improve internal and external portfolio tax efficiency. HIA's asset allocation strategy tends to require fewer securities transactions over time, clients' commission expenses are lessened along with the likelihood that capital gains will be realized (with their potential tax consequences). Transactions will typically be performed when necessary to rebalance portfolios, allocate new investment dollars, make client requested redemptions, or alter a portfolio due to changing client investment objectives.

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### **Security Specific Material Risks**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks and should discuss these risks with HIA:

- *Market Risk:* The prices of securities in which clients invest may decline in response to certain events taking place around the world, including those directly involving the



companies whose securities are owned by a fund; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations. Investors should have a long-term perspective and be able to tolerate potentially sharp declines in market value.

- *Interest-rate Risk:* Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Inflation Risk:* When any type of inflation is present, a dollar today will buy more than a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk:* Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk:* This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Liquidity Risk:* Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Management Risk:* The advisor's investment approach may fail to produce the intended results. If the advisor's assumptions regarding the performance of a specific asset class or fund are not realized in the expected time frame, the overall performance of the client's portfolio may suffer.
- *Equity Risk:* Equity securities tend to be more volatile than other investment choices. The value of an individual mutual fund or ETF can be more volatile than the market as a whole. This volatility affects the value of the client's overall portfolio. Small- and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies. Smaller companies may also have a lower trading volume, which may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.
- *Fixed Income Risk:* The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security will decline because investors will demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities held by a fund is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.
- *Investment Companies Risk:* When a client invests in open end mutual funds or ETFs, the client indirectly bears their proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, which may be

duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value or (ii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. Adviser has no control over the risks taken by the underlying funds in which client invests.

- *Foreign Securities Risk:* Funds in which clients invest may invest in foreign securities. Foreign securities are subject to additional risks not typically associated with investments in domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that underlying funds invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.
- *Long-term purchases:* Long-term investments are those vehicles purchased with the intention of being held for more than one year. Typically the expectation of the investment is to increase in value so that it can eventually be sold for a profit. In addition, there may be an expectation for the investment to provide income. One of the biggest risks associated with long-term investments is volatility, the fluctuations in the financial markets that can cause investments to lose value.
- *Short-term purchases:* Short-term investments are typically held for one year or less. Generally there is not a high expectation for a return or an increase in value. Typically, short-term investments are purchased for the relatively greater degree of principal protection they are designed to provide. Short-term investment vehicles may be subject to purchasing power risk — the risk that your investment's return will not keep up with inflation.
- *Trading risk:* Investing involves risk, including possible loss of principal. There is no assurance that the investment objective of any fund or investment will be achieved.

The risks associated with utilizing Sub-Advisors include:

- Manager Risk
  - Sub-Advisor fails to execute the stated investment strategy
- Business Risk
  - Sub-Advisor has financial or regulatory problems
- The specific risks associated with the portfolios of the Sub-Advisor's which is disclosed in the Sub-Advisor's Form ADV Part 2.

Mutual funds from a variety of investment companies, including mutual funds from the Dimensional Fund Advisor (“DFA”) family of funds are used in constructing client portfolios. DFA funds are generally unavailable to investors either through direct purchase, normal mutual fund retail channels, or other financial intermediaries. DFA funds are generally available only to institutional investors and clients of select registered investment advisors.

Due to DFA’s restricted distribution channel, clients who terminate their relationship with HIA and transfer their account(s) to another investment advisor and/or custodian, are encouraged to first discuss any possible limitations regarding the holding of their DFA investments with the successor custodian or new investment advisor. Clients who terminate their relationship with HIA and transfer their DFA assets may find their ability to hold, or purchase additional shares of DFA funds restricted or prohibited.

If the successor custodian chosen by the transferring client cannot hold DFA fund(s), the client must identify an alternate custodian to accept and hold the client’s DFA fund(s). If no such arrangements are made, HIA may liquidate all DFA funds in the client account(s) and have the account custodian send the sales proceeds to the designated receiving broker-dealer, custodian or client. The liquidation transactions will result in the client paying transaction costs and may give rise to recognition of taxable capital gains or losses.

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## **Item 9: Disciplinary Information**

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### **Criminal or Civil Actions**

HIA and its management have not been involved in any criminal or civil action.

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### **Administrative Enforcement Proceedings**

HIA and its management have not been involved in administrative enforcement proceedings.

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### **Self-Regulatory Organization Enforcement Proceedings**

HIA and its management have not been involved in any self-regulatory organizational enforcement proceedings that are material to a Client’s or prospective Client’s evaluation of HIA or the integrity of its management.

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

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### **Broker-Dealer or Representative Registration**

HIA is not registered as a broker-dealer and no affiliated representatives of HIA are registered representatives of a broker-dealer.

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### **Futures or Commodity Registration**

Neither HIA nor its affiliated representatives are registered or have an application pending to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

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### **Material Relationships Maintained by this Advisory Business and Conflicts of Interest**

HIA has agreement(s) with broker/dealers to provide investment advisory services, acting as a third-party manager, to certain broker/dealers’ customers (“Brokerage Customers”). Fees charged to clients are shared between HIA and the broker/dealer per the referral

agreement between HIA and the broker/dealer. This arrangement includes HIA assuming discretionary authority over Brokerage Customers' brokerage accounts and the monitoring of securities. These consulting services offered to Brokerage Customers may include a general review of Brokerage Customers' investment holdings, which may or may not result in HIA's investment adviser representative making specific securities recommendations or offering general investment advice. Brokerage Customers will execute a written advisory agreement directly with HIA. No additional fee to the client is charged as a result of the relationship between HIA and broker/dealers and broker/dealer referring parties.

This relationship presents conflicts of interest. Potential conflicts are mitigated by Brokerage Customers consenting to receive investment advisory services from HIA, by HIA not accepting or billing for additional compensation on broker/dealers' Assets Under Management beyond the fees disclosed in Item 5 in connection with the investment advisory services, and by HIA not engaging as, or holding itself out to the public as, a securities broker/dealer. HIA is not affiliated with any broker/dealer. Please reference Section E under "Item 4 – Advisory Business" for more information related to this arrangement.

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**Recommendations or Selections of Other Investment Advisors and Conflicts of Interest**

HIA may also utilize the services of a Sub-Advisor to manage Clients' investment portfolios. Sub-Advisors will maintain the models or investment strategies agreed upon between Sub-Advisor and HIA. Sub-Advisors execute all trades on behalf of HIA in Client accounts. HIA will be responsible for the overall direct relationship with the Client. HIA retains the authority to terminate the Sub-Advisor relationship at HIA's discretion.

In addition to the authority granted to HIA, Clients will grant HIA full discretionary authority and authorizes HIA to select and appoint one or more independent investment advisors ("Advisors") to provide investment advisory services to Client without prior consultation with or the prior consent of Client. Such Advisors shall have all of the same authority relating to the management of Client's investment accounts as is granted to HIA in the Agreement. In addition, at HIA's discretion, HIA may grant such Advisors full authority to further delegate such discretionary investment authority to additional Advisors. HIA ensures that before selecting other advisors for Client that the other advisors are properly licensed or registered as an investment advisor.

This practice represents a conflict of interest as HIA may select Sub-Advisors who charge a lower fee for their services than other Sub-Advisors. This conflict is mitigated by disclosures, procedures, and by the fact that HIA has a fiduciary duty to place the best interest of the Client first and will adhere to their code of ethics.

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

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**Code of Ethics Description**

The affiliated persons (affiliated persons include employees and/or independent contractors) of HIA have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of HIA affiliated persons and addresses conflicts that may arise. The Code defines acceptable behavior for affiliated persons of HIA.

The Code reflects HIA and its supervised persons' responsibility to act in the best interest of their Client.

One area which the Code addresses is when affiliated persons buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our Clients. We do not allow any affiliated persons to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our Clients.

HIA's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other affiliated person, officer or director of HIA may recommend any transaction in a security or its derivative to advisory Clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

HIA's Code is based on the guiding principle that the interests of the Client are our top priority. HIA's officers, directors, advisors, and other affiliated persons have a fiduciary duty to our Clients and must diligently perform that duty to maintain the complete trust and confidence of our Clients. When a conflict arises, it is our obligation to put the Client's interests over the interests of either affiliated persons or the company.

The Code applies to "access" persons. "Access" persons are affiliated persons who have access to non-public information regarding any Clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to Clients, or who have access to such recommendations that are non-public.

HIA will provide a copy of the Code of Ethics to any Client or prospective Client upon request.

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### **Investment Recommendations Involving a Material Financial Interest and Conflict of Interest**

HIA and its affiliated persons do not recommend to Clients securities in which we have a material financial interest.

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### **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

HIA and its affiliated persons may buy or sell securities that are also held by Clients. In order to mitigate conflicts of interest such as trading ahead of Client transactions, affiliated persons are required to disclose all reportable securities transactions as well as provide HIA with copies of their brokerage statements.

The Chief Compliance Officer of HIA is Adam Drake. He reviews all trades of the affiliated persons each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of the firm receive preferential treatment over associated persons' transactions.

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### **Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

HIA does not have a material financial interest in any securities being recommended. However, affiliated persons may buy or sell securities at the same time they buy or sell securities for Clients. In order to mitigate conflicts of interest such as front running,

affiliated persons are required to disclose all reportable securities transactions as well as provide HIA with copies of their brokerage statements.

The Chief Compliance Officer of HIA is Adam Drake. He reviews all trades of the affiliated persons each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of the firm receive preferential treatment over associated persons' transactions.

## **Item 12: Brokerage Practices**

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### **Factors Used to Select Broker-Dealers for Client Transactions**

HIA will recommend the use of a particular broker-dealer based on their duty to seek best execution for the client, meaning they have an obligation to obtain the most favorable terms for a client under the circumstances. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is affected, the ability to effect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. HIA will select appropriate brokers based on a number of factors including but not limited to their relatively low transaction fees and reporting ability. HIA relies on its broker to provide its execution services at the best prices available. Lower fees for comparable services may be available from other sources. Clients pay for any and all custodial fees in addition to the advisory fee charged by HIA. HIA does not receive any portion of the trading fees.

HIA will recommend the use of Charles Schwab & Co., Inc.

- *Research and Other Soft Dollar Benefits*

The Securities and Exchange Commission defines soft dollar practices as arrangement under which products or services other than execution services are obtained by HIA from or through a broker-dealer in exchange for directing Client transactions to the broker-dealer. Although HIA has no formal soft dollar arrangements, HIA may receive products, research and/or other services from custodians or broker-dealers connected to client transactions or "soft dollar benefits". As permitted by Section 28(e) of the Securities Exchange Act of 1934, HIA receives economic benefits as a result of commissions generated from securities transactions by the custodian or broker-dealer from the accounts of HIA. HIA cannot ensure that a particular client will benefit from soft dollars or the client's transactions paid for the soft dollar benefits. HIA does not seek to proportionately allocate benefits to client accounts to any soft dollar benefits generated by the accounts.

A conflict of interest exists when HIA receives soft dollars which could result in higher commissions charged to Clients. This conflict is mitigated by the fact that HIA has a fiduciary responsibility to act in the best interest of its Clients and the services received are beneficial to all Clients.

- *Brokerage for Client Referrals*

HIA does not receive client referrals from any custodian or third party in exchange for using that broker-dealer or third party.

- *Directed Brokerage*

Clients who direct brokerage outside our recommendation may be unable to achieve the most favorable execution of client transactions as client directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices.

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**Aggregating Securities Transactions for Client Accounts**

HIA is authorized in its discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other Clients of HIA. All Clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a pro-rated basis. If aggregation is not allowed or infeasible and individual transactions occur (e.g., withdrawal or liquidation requests, odd-lot trades, etc.) an account may potentially be assessed higher costs or less favorable prices than those where aggregation has occurred.

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**Item 13: Review of Accounts**

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**Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Account reviews are performed quarterly by the Chief Compliance Officer of HIA, Adam Drake. Account reviews are performed more frequently when market conditions dictate. Reviews of Client accounts include, but are not limited to, a review of Client documented risk tolerance, adherence to account objectives, investment time horizon, and suitability criteria, reviewing target allocations of each asset class to identify if there is an opportunity for rebalancing, and reviewing accounts for tax loss harvesting opportunities.

Financial plans generated are updated as requested by the Client and pursuant to a new or amended agreement, HIA suggests updating at least annually.

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**Review of Client Accounts on Non-Periodic Basis**

Other conditions that may trigger a review of Clients' accounts are changes in the tax laws, new investment information, and changes in a Client's own situation.

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**Content of Client Provided Reports and Frequency**

Clients receive written account statements no less than quarterly for managed accounts. Account statements are issued by HIA's custodian. Client receives confirmations of each transaction in account from custodian and an additional statement during any month in which a transaction occurs. Performance reports will be provided by HIA at least quarterly to Clients with assets under management

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

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### **Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

HIA presently has an arrangement with Calton & Associates, Inc., an SEC Registered Investment Advisor ("RIA") located in Tampa, Florida, in which Calton's referring party refer clients to HIA. HIA verifies that the referring RIA firm and their Investment Advisor Representative's ("IAR") are properly registered by reviewing IARD/CRD data. In this referral arrangement, the client's Advisory Fee is as follows: The fee schedule is lower than the one outlined in Item 5 – Fees because, in part, HIA doesn't not provide financial planning services to these clients. HIA and the referring RIA firm share the fee, and no additional fees are paid by the client.

Such referral arrangements can create a conflict of interest in that both HIA and RIA have an interest in obtaining and securing the investment management relationship.

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### **Advisory Firm Payments for Client Referrals**

HIA may enter into agreements with individuals and organizations, which may be affiliated or unaffiliated with HIA, that refer Clients to HIA in exchange for compensation. All such agreements will be in writing and comply with the requirements of Federal or State regulation. If a Client is introduced to HIA by a referring party, HIA may pay that referring party a fee. While the specific terms of each agreement may differ, generally, the compensation will be based upon HIA's engagement of new Clients and is calculated using a varying percentage of the fees paid to HIA by such Clients. Any such fee shall be paid solely from HIA's investment management fee, and shall not result in any additional charge to the Client.

Each prospective Client who is referred to HIA under such an arrangement will receive a copy of this brochure and a separate written disclosure document disclosing the nature of the relationship between the referring party and HIA and the amount of compensation that will be paid by HIA to the referring party. The referring party is required to obtain the Client's signature acknowledging receipt of HIA's disclosure brochure and the referring party's written disclosure statement.

## **Item 15: Custody**

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### **Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to Clients at their address of record at least quarterly. Clients are urged to carefully compare the account statements received directly from their custodians to any documentation or reports prepared by HIA.

HIA is deemed to have limited custody solely because advisory fees are directly deducted from Client's accounts by the custodian on behalf of HIA.

## **Item 16: Investment Discretion**

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### **Discretionary Authority for Trading**

If applicable, Client will authorize HIA discretionary authority, via the advisory agreement, to determine, without obtaining specific Client consent, the securities to be bought or sold,



and the amount of the securities to be bought or sold. If applicable, Client will authorize HIA discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement. If however, consent for discretion is not given, HIA will obtain prior Client approval before executing each transaction.

HIA allows Client's to place certain restrictions, as outlined in the Client's Investment Policy Statement or similar document. Such restrictions could include only allowing purchases of socially conscious investments. These restrictions must be provided to HIA in writing.

The Client approves the custodian to be used and the commission rates paid to the custodian. HIA does not receive any portion of the transaction fees or commissions paid by the Client to the custodian.

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## **Item 17: Voting Client Securities**

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### **Proxy Votes**

HIA does not vote proxies on securities. Clients are expected to vote their own proxies. The Client will receive their proxies directly from the custodian of their account or from a transfer agent.

When assistance on voting proxies is requested, HIA will provide recommendations to the Client. If a conflict of interest exists, it will be disclosed to the Client. If the Client requires assistance or has questions, they can reach out to the investment advisor representatives of the firm at the contact information on the cover page of this document.

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## **Item 18: Financial Information**

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### **Balance Sheet**

A balance sheet is not required to be provided to Clients because HIA does not serve as a custodian for Client funds or securities and HIA does not require prepayment of fees of more than \$500 per Client and six months or more in advance.

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### **Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

HIA has no condition that is reasonably likely to impair our ability to meet contractual commitments to our Clients.

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### **Bankruptcy Petitions during the Past Ten Years**

HIA has not had any bankruptcy petitions in the last ten years.

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## **Item 19: Requirements for State Registered Advisors**

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### **Principal Executive Officers and Management Persons**

The education and business background for all management and supervised persons can be found in the Part 2B of this Brochure.

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### **Outside Business Activities**

The outside business activities for all management and supervised persons can be found in the Part 2B of this Brochure.

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**Performance Based Fee Description**

Neither HIA nor its management receive performance based fees. Please see Item 6 of the ADV 2A for more information.

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**Disclosure of Material Facts Related to Arbitration or Disciplinary Actions Involving Management Persons**

Neither HIA nor its management have been involved in any of the following:

1. An award or otherwise been found liable in an arbitration claim alleging damages in excess of \$2,500, involving any of the following:
  - a. An investment or an investment-related business or activity;
  - b. Fraud, false statement(s) or omissions;
  - c. Theft, embezzlement or other wrongful taking of property;
  - d. Bribery, forgery, counterfeiting, or extortion;
  - e. Dishonest, unfair or unethical practices.
2. An award or otherwise been found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
  - a. An investment or an investment-related business or activity;
  - b. Fraud, false statement(s) or omissions;
  - c. Theft, embezzlement or other wrongful taking of property;
  - d. Bribery, forgery, counterfeiting, or extortion;
  - e. Dishonest, unfair or unethical practices.

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**Material Relationship Maintained by this Advisory Business or Management persons with Issuers of Securities**

There are no material relationships with issuers of securities to disclose.

Item 1 Cover Page

**SUPERVISED PERSON BROCHURE**  
FORM ADV PART 2B

Adam Drake, CFA



**Main Office Address:**

466 Town Plaza Ave, Suite 330  
Ponte Vedra, FL 32081

**WI Address:**

3960 Hillside Drive, Suite 206  
Delafield, WI 53018

**Tel:** 414-755-2309

**Toll Free Tel:** 877-755-2309

**Fax:** 414-755-2313

**Email:** [adrake@highlandinvestmentadvisors.com](mailto:adrake@highlandinvestmentadvisors.com)

**Website:** [www.highlandinvestmentadvisors.com](http://www.highlandinvestmentadvisors.com)

February 29, 2024

This brochure supplement provides information about Adam Drake and supplements the Highland Investment Advisors, LLC brochure. You should have received a copy of that brochure. Please contact Adam Drake if you did not receive the brochure or if you have any questions about the contents of this supplement.

**ADDITIONAL INFORMATION ABOUT ADAM DRAKE (CRD #3234115) IS AVAILABLE ON THE SEC'S WEBSITE AT [WWW.ADVISERINFO.SEC.GOV](http://WWW.ADVISERINFO.SEC.GOV).**

## **Brochure Supplement (Part 2B of Form ADV)**

### **Supervised Person Brochure**

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#### **Principal Executive Officer – Adam Drake, CFA**

- Year of birth: 1976
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#### **Item 2 - Educational Background and Business Experience**

##### **Educational Background:**

- University of Wisconsin - Milwaukee; Bachelor of Business Administration in Finance; 2000

##### **Professional Certifications**

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Adam Drake has earned certifications and credentials that are required to be explained in further detail.

Chartered Financial Analyst (CFA): Chartered Financial Analysts designation is awarded by the CFA Institute. CFA certification requirements:

- Hold a bachelor's degree from an accredited institution or have equivalent educational or work experience.
- Successful completion of all three exam levels of the CFA Program.
- Have 48 months of acceptable professional work experience in the investment decision-making process.
- Fulfill society requirements, which vary by society. Unless you are upgrading from affiliate membership, all societies require two sponsor statements as part of each application; these are submitted online by your sponsors.
- Agree to adhere to and sign the Member's Agreement, a Professional Conduct Statement, and any additional documentation requested by CFA Institute.

##### **Business Experience:**

- Highland Investment Advisors, LLC.; Managing Member/Investment Advisor Representative; 01/2009-Present
  - Vogel Consulting; Investment Analyst; 08/2008-04/2010
  - McSherry & Associates; Portfolio Manager; 07/2005-08/2008
  - Capital Financial Services, Inc.; Registered Representative; 07/2005-08/2008
  - Robert W Baird & Co; Research Analyst; 07/2003-07/2005
- 

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

1. Mr. Drake has never been involved in a criminal or civil action in a domestic, foreign or military court of competent jurisdiction for which he:
  - a. Was convicted of, or pled guilty or nolo contendere ("no contest") to (a) any felony; (b) misdemeanor that involved investments or an investment-related business, fraud, false statement or omissions, wrongful taking of property, bribery, perjury, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses;

- b. Is the named subject of a pending criminal proceeding that involves an investment-related business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;
  - c. Was found to have been involved in a violation of an investment-related statute or regulation; or
  - d. Was the subject of any order, judgement or decree permanently or temporarily enjoining, or otherwise limiting, him from engaging in any investment related activity, or from violating any investment-related statute, rule, or order.
- 2. Mr. Drake never had an administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which he:
  - a. Was found to have caused an investment-related business to lose its authorization to do business; or the subject of an order by the agency or authority;
  - b. Was found to have been involved in a violation of an investment-related statute or regulation or was the subject of an order by the agency or authority
    - a. (a)denying, suspending or revoking the authorization of the supervised person to act in an investment-related business; (b) barring or suspending his association with an investment-related business; (c) otherwise significantly limiting his investment-related activities; or (d) imposing a civil money penalty of more than \$2,500 on him.
- 3. Mr. Drake has never been the subject of a self-regulatory organization (SRO) proceeding in which he:
  - a. Was found to have caused an investment-related business to lose its authorization to do business; or
  - b. Was found to have been involved in a violation of the SRO's rules and was: (a) barred or suspended from membership or from association with other members, or was expelled from membership; (b) otherwise significantly limited from investment-related activities; or (c) fined more than \$2,500.
- 4. Mr. Drake has not been involved in any other hearing or formal adjudication in which a professional attainment, designation, or license of the supervised person was revoked or suspended because of a violation of rules relating to professional conduct.

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**Item 4 - Other Business Activities**

Mr. Drake does not engage in any outside business activities.

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**Item 5 - Additional Compensation**

Mr. Drake does not receive any performance-based fees and does not receive any additional compensation for performing advisory services other than what is disclosed in Item 5 of Part 2A.

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**Item 6 - Supervision**

Mr. Drake is the Chief Compliance Officer of HIA and as such he is solely responsible for all supervision and formulation and monitoring of investment advice offered to Clients. He

will adhere to the policies and procedures as described in the firm's Compliance Manual. He can be reached at [adrake@highlandinvestmnetadvisors.com](mailto:adrake@highlandinvestmnetadvisors.com) or 414-755-2309.

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**Item 7 - Requirements for State-Registered Advisors**

1. Mr. Drake has not been involved in any of the following:
  - a. An award or otherwise been found liable in an arbitration claim alleging damages in excess of \$2,500 involving any of the following:
    - i. An investment or an investment-related business or activity;
    - ii. Fraud, false statement(s) or omissions;
    - iii. Theft, embezzlement or other wrongful taking of property;
    - iv. Bribery, forgery, counterfeiting, or extortion;
    - v. Dishonest, unfair or unethical practices.
  - b. An award or otherwise been found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:
    - i. An investment or an investment-related business or activity;
    - ii. Fraud, false statement(s) or omissions;
    - iii. Theft, embezzlement or other wrongful taking of property;
    - iv. Bribery, forgery, counterfeiting, or extortion;
    - v. Dishonest, unfair or unethical practices.
2. Mr. Drake has never been the subject of a bankruptcy petition.