



HENDERSON
FINANCIAL GROUP

Form ADV Part 2A Appendix 1

Wrap Fee Program Brochure

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Item 1 Cover Page

This Brochure provides information about the qualifications and business practices of Henderson Financial Group LLC. If you have any questions about the contents of this Brochure, please contact us at (757) 314-4638. This brochure has been provided for your convenience and has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Henderson Financial Group LLC is a registered investment adviser and is regulated by the US SEC. Registration does not imply a certain level of skill or training; however, registered investment advisors and their individual advisor representatives are held to fiduciary standard. Please see ADV Part 2B for each adviser's individual background, financial certifications, and particular areas of expertise.

Additional information about Henderson Financial Group LLC also is available on the SEC's website at www.adviserinfo.sec.gov, which can be found using the firm's identification number, 333013.

Item 2 Material Changes

Henderson Financial Group, LLC (HFG) has not material changes to report, as this is the initial brochure

Please note that we do not have to provide this information to a client or prospective client who has not received a previous version of our brochure.

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Item 4 Services, Fees, and Compensation

HFG offers various types of advisory services and programs, including wrap fee programs, wealth management services, investment management services, financial planning services, and retirement plan consulting services. This Brochure provides a description of the advisory services offered under HFG's Wrap Fee Program. For information about HFG's other advisory services other than the Wrap Fee Program, please contact HFG or go to www.adviserinfo.sec.gov for a copy of a similar brochure that describes our other services.

Wrap Fee Program

HFG's Wrap Fee Program is a comprehensive, fee-based investment program offered to clients. Through this program, clients can consolidate multiple investments into one account and receive one statement.

The Wrap Fee Program is sponsored by HFG and is managed on an individualized basis. The investments are selected by the HFG advisor in accordance with the client's investment goals and objectives, risk tolerance, and other client-specific factors. HFG advisors provide ongoing investment advice and management on client assets in the Wrap Fee Program. HFG advisors provide advice on the purchase and sale of various types of investments, such as mutual funds, ETFs, equities, options, and fixed income securities. HFG advisors provide advice that is tailored to the individual needs of the client based on the investment objective chosen by the client. Clients may

impose restrictions on investing in certain securities or group of securities through documentation on the Account Application, completed at time of account opening.

As part of our investment management service for an account in the Wrap Fee Program, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds (“ETFs”), options, mutual funds and other public and private securities or investments. The client’s individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client’s circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least quarterly and if necessary, rebalance the portfolio based upon the client’s individual needs, stated goals, and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

HFG uses Third Party Managers for portfolio management services for its Wrap Fee program.

Wrap Fee Program Fees

A wrap fee program allows our clients to pay a specified fee for investment advisory services and the execution of transactions. Your fee is bundled with our costs for executing transactions in your account(s). This results in a higher advisory fee to you. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades. By participating in a wrap fee program, you may end up paying more or less than you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to you by the executing broker.

In the Wrap Fee Program, clients pay a single fee for advisory services and execution of transactions (an “Account Fee”). Clients do not pay individual transaction costs such as brokerage commissions, markups or transaction charges for execution of transactions in their Wrap Fee Program account.

Wrap Fee Program fees are annualized based on the following fee schedule:

Tier	Min Account Value		Max Account Value	Fee
1	\$0.00	up to	\$499,999.99	1.35%
2	\$500,000.00	up to	\$999,999.99	1.15%
3	\$1,000,000.00	up to	\$1,999,999.99	0.95%
4	\$2,000,000.00	up to	\$2,999,999.99	0.85%
5	\$3,000,000.00	up to	\$4,999,999.99	0.75%
6	\$5,000,000.00	up to	\$999,999,999.99	0.55%

HFG’s annual advisory fee is a graduated fee based on the average daily balance of the Client’s account(s) or a combination of AUM and the complexity fee and is paid on a quarterly basis in arrears and deducted directly from Client accounts held at their unaffiliated third-party qualified custodian. The graduated fee means that the portion of a Client’s AUM/AUA within each tier will be calculated and then added together for the final fee. These fees are negotiable.

Example: Client has \$800,000 in AUM, so Client’s quarterly fee rate is calculated as follows:

$$\frac{(\$499,999.99 \cdot 1.35\%)}{4} + \frac{(\$300,000.01 \cdot 1.15\%)}{4} = \frac{\$6750}{4} + \frac{\$3450}{4}$$

$$= \$1687.50 + \$862.50 = \$2560$$

No increase to the agreed-upon advisory fees outlined in the Advisory Contract shall occur without prior Client consent. Lower fees for comparable services may be available from other sources. HFG typically aggregates households to determine the advisory fee. Account valuation is based on the Client's custodial account value as provided by the custodian. If a client initiates or terminates an agreement mid-quarter, HFG prorates the fee. At no time do we require prepayment of \$1,200 or more than six months or more in advance of rendering the services.

HFG utilizes an Third-Party Manager and the above fee schedule does not include the Third-Party Manager's fee. The Third-Party Manager's advisory fees, billing schedule, and payment procedures are set forth in their separate written disclosure documents, advisory agreements, and/or the account opening documents of your account Custodian. At no point will the combined fee charged to the Client exceed 2% of assets under management.

Clients may incur certain charges imposed by custodians, brokers, and third-party managers or other third parties that we do not control. These charges can include such things as deferred sales charges, transfer taxes, wire transfer and electronic fund fees, and other charges or taxes. Descriptions of some of these charges are explained below in the section, Other Types of Fees and Expenses.

Important Things to Consider about a Wrap Fee Account

The Account Fee is an ongoing wrap fee for investment advisory services, the execution of transactions and other administrative and custodial services. The Account Fee may cost the client more than purchasing the program services separately, for example, paying an advisory fee plus commissions for each transaction in the account. Factors that bear upon the cost of the account in relation to the cost of the same services purchased separately include the:

- Type and size of the account;
- Historical and/or expected size or number of trades for the account; and
- Number and range of supplementary advisory and client-related services provided to the client.

The Account Fee also may cost the client more than if assets were held in a traditional brokerage account. In a brokerage account, a client pays a representative a commission for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If the client plans to follow a buy and hold strategy for the account or does not wish to purchase ongoing investment advice or management services, the client should consider opening a brokerage account rather than a Wrap Fee Program account. Although HFG or its advisors may be able to open a brokerage account for you, clients are under no obligation to use HFG for that service.

The Account Fee may be higher than the fees charged by other investment advisors for similar services.

HFG is paid a percentage of your overall advisory fee and this may create an incentive to recommend that you participate in a wrap fee program rather than a non-wrap fee program (where you would pay

for trade execution costs) or brokerage account where commissions are charged. This is because, in some cases, we may stand to earn more compensation from advisory fees paid to us through a wrap fee program arrangement if your account is not actively traded.

Although clients do not pay transaction charges in a Wrap Fee Program account, clients should be aware that HFG pays the custodian transaction charges for those transactions. The transaction charges paid by HFG vary based on the type of transaction (e.g., mutual fund, equity or fixed income security) and for mutual funds based on whether or not the mutual fund pays 12b-1 fees¹ and/or recordkeeping fees that are retained by the custodian in amounts sufficient to cover the majority of the trading costs. Transaction charges paid by HFG vary depending upon the custodian and investment (equities, fixed income or mutual funds). Because HFG pays the transaction charges in Wrap Fee Program accounts, there is a conflict of interest. Clients should understand that the cost to HFG of transaction charges may be a factor that HFG considers when deciding which securities to select and how frequently to place transactions in a Wrap Fee Program account. HFG attempts to mitigate this potential conflict of interest by paying one set fee for the majority of transactions charged to HFG as a percentage of assets and not by transactions placed.

The investment products available to be purchased in the program can be purchased by clients outside of a Wrap Fee Program account through broker-dealers or other investment advisory firms not affiliated with HFG.

Other Types of Fees and Expenses

There are other fees and expenses that are imposed by third parties that could apply to investments in Wrap Fee Program accounts. Some of these fees and charges are described here.

If a client's assets are invested in mutual funds or other pooled investment products, clients should be aware that there will be two layers of advisory fees and expenses for those assets. Client will pay an advisory fee to the fund manager and other expenses as a shareholder of the fund. In the case of mutual funds that are fund of funds, there could be an additional layer of fees, including performance fees that may vary depending on the performance of the fund. Client will also pay Cornerstone the Account Fee with respect to those assets.

Most of the mutual funds available in the program may be purchased directly. Therefore, clients could generally avoid the second layer of fees by not using the advisory services of Cornerstone and by making their own decisions regarding the investment.

If client transfers into a Wrap Fee Program account a previously purchased mutual fund, and there is an applicable contingent deferred sales charge on the fund, client will pay that charge when the mutual fund is sold. If the account is invested in a mutual fund that charges a fee if redemption is made within a specific time period after the investment, client will be charged a redemption fee. If a mutual fund has a frequent trading policy, the policy can limit a client's transactions in shares of the fund (e.g., for rebalancing, liquidations, deposits or tax harvesting).

You may pay custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap-fee you are charged by our firm.

Item 5 Account Requirements and Types of Clients

HFG's services are geared toward individuals, high net-worth individuals, corporations or other businesses, other investment advisors, charitable organizations, and certain pension plans. HFG does not have a required minimum account size or a minimum annual fee.

Item 6 Portfolio Manager Selection and Evaluation

Third-Party Managers

Portfolio Managers are chosen by a careful screening method that begins with the client's risk assessment and goal setting. After the client's overall asset allocation is determined and the desire for a third party manager becomes necessary to consider, the custodian's available managers are screened for various MPT (modern portfolio theory) metrics, such as alpha, beta, Sharp ratio, upside/downside capture, etc., as well as overall track history, peer group rankings, tax efficiency (if needed) and industry tenure. Morningstar is used to verify these details. Managers are reviewed and screened periodically for any changes on the part of the manager using the original screening methodology and replaced if significant changes to performance, peer group rankings or other previously mentioned metrics exist.

HFG does not act as a portfolio manager for any accounts in our Wrap Fee Program. HFG nor a third-party reviews portfolio manager performance information on a uniform or consistent basis.

Item 7 Client Information Provided to Portfolio Managers

HFG typically provides information about a Client's financial condition, investment needs, and/or investment restrictions to Advisers serving as Third-party Managers on Client accounts. We may also provide annual updates (if any) to the information, or more often as available from the Client. HFG is responsible for collecting data about Client investment goals and objectives and determining whether a particular Program and/or Portfolio is appropriate for the Client based on the stated goals and objectives.

Item 8 Client Contact with Portfolio Managers

HFG encourages Clients to interact with their HFG Advisor with updates on Client goals, objectives, and life changes, so that HFG can keep your entire plan up to date. Clients may contact the third-party manager directly, as necessary.

Item 9 Additional Information

Disciplinary Information

HFG is required to disclose all material facts regarding any legal, administrative, or disciplinary event that would be material to your evaluation of HFG or the integrity of our management or supervised

persons. No principal or person associated with HFG has any information to disclose which is applicable to this item.

Other Financial Industry Activities and Affiliations

Neither HFG or its management or related persons are registered, or have an application pending to register, as a broker-dealer, a registered representative of a broker-dealer, a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

Ray Henderson and Stephanie Davis are currently licensed insurance agents for various insurance companies. The insurance business represents a small part of HFG's total activities, and it does not concentrate resources in this area. Ray and Stephanie spend approximately 10% of their time on this activity. When possible, they use fee-only insurance products; however, when fee-only products are not available, they will offer Clients commission-based insurance products. Thus, if Clients purchase insurance products through them in their roles as insurance agents, they might earn a commission. This creates a conflict of interest. Clients are under no obligation to purchase insurance products or services through HFG. Clients have the right to decide whether or not to purchase insurance products and which insurance professionals to use.

HFG has relationships with LPL Financial and Charles Schwab Institutional that are material to its advisory business; for more information, see Item 12 of this Brochure.

While HFG does recommend third-party investment advisers, it does not receive any compensation from third-party investment advisors that it recommends.

Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

HFG has a fiduciary duty to you to act in your best interest and always place your interests first and foremost. HFG takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as our policies and procedures. We provide you with our Privacy Policy that details our procedures for handling your personal information. WAS maintains a Code of Ethics for its Advisory Representatives, supervised persons, and office 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, our Code of Ethics establishes our firm's expectation for business conduct.

Our Code of Ethics includes provisions relating to the confidentiality of client information, prohibition on insider trading, prohibition on rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at HFG must acknowledge the terms of the Code of Ethics annually or when amended. The Code of Ethics is designed to ensure that the personal securities transactions, activities, and interests of HFG and its supervised persons do not interfere with making decisions in the best interest of advisory clients or in implementing such decisions. Personal security transactions of HFG employees, officers, and directors are prevented from conflicting with the best interests of HFG's Clients.

Our Code of Ethics is reviewed and updated regularly to ensure that it meets existing regulations. Code of Ethics attestations are collected from supervised persons at least on an annual basis. A copy of our Code of Ethics will be provided to you upon request.

Neither HFG nor its associated persons recommends to clients or buys or sells for client accounts any securities in which we have a material financial interest. HFG and its associated persons may buy or sell securities identical to or alongside those securities recommended to Clients. Therefore, HFG and/or its associated persons may have an interest or position in certain securities that are also recommended and bought or sold for Clients. HFG will not put their interests before your interest.

Neither HFG nor any associated person may trade ahead of you or trade in such a way to obtain a better price for themselves than for you or other clients. No affiliated person may trade in a client's account in such a way as to disadvantage any client.

HFG 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.

Pursuant to 17 CFR § 275.204A-1(e)10, HFG's code of ethics is not applicable to non-reportable securities, which include direct obligations of the United States Government, bankers' acceptances, bank certificates of deposit, commercial paper and high-quality short-term debt instruments, and shares issued by money market funds, by open-ended funds that are not reportable, and by unit investment trusts invested in non-reportable funds. HFG's Code of Ethics is also not applicable to any Client account transactions wherein HFG or its supervised persons does not have any influence or control.

Review of Accounts

Wealth and stand-alone Investment Management Clients' account(s) will be reviewed on an annual basis by HFG advisory representatives. The account(s) are reviewed with regard to the Client's investment objectives, risk tolerance levels, and needs. HFG does not provide specific reports to clients. Additional reviews might be triggered by, but not limited to, changes in a client's investment objectives or financial circumstances, tax considerations, large deposits or withdrawals, large sales or purchases, loss of confidence in corporate management, or changes in the economic climate.

HFG does not provide written performance or holdings reports to Wealth Management or stand-alone Investment Management Clients outside of what is provided directly by their custodian as part of their account statements. Clients' custodian(s) will send them standard statements on at least a quarterly basis.

Client Referrals and Other Compensation

HFG's wealth management, project-based financial planning, stand-alone investment management, and educational seminar services are fee-only. This means that Clients are the only ones who compensate HFG for these services. However, for some insurance products purchased by Clients, HFG receives commissions.

Some product vendors recommended by HFG provide both monetary (insurance commissions) and non-monetary assistance to HFG. HFG does not select products as a result of any monetary or

non-monetary assistance. Products are chosen and recommended to Clients based on their best interest. HFG's due diligence of a product does not take into consideration any assistance it receives. Receipt of commissions, presents a potential conflict of interest. HFG attempts to mitigate the conflict of interest by 1) notifying you of the conflict and choosing fee-only insurance products when available, 2) informing you that you are free to consult other financial professionals, and following our Code of Ethics to act in an ethical manner.

HFG does not directly or indirectly compensate any person who is not our supervised person for client referrals.