

Hilton Head Financial Advisors, Inc.

Form CRS – 3/28/24

Hilton Head Financial Advisors, Inc. (“HHFA”) is a Securities and Exchange Commission (“SEC”) registered investment adviser. HHFA provides investment advisory services to retail clients for fees (either on an hourly basis, asset under management basis, or fixed fee basis) depending on the size of the client’s portfolio and arrangement with HHFA.

Brokerage and investment advisory services and fees differ, and it is important for the retail investor to understand the differences. Free and simple tools are available to research firms and financial professionals at www.Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing.

What investment services and advice can you provide me?

HHFA provides *financial planning and investment advisory services* to retail clients including buying and selling of securities in their accounts. HHFA’s investment advisory services include:

- i. Monitoring – HHFA *monitors investments on a continuous basis*.
- ii. Investment Authority - HHFA has *discretionary authority* on most of its clients’ accounts. This means that after establishing the agreed upon strategy and the client granting discretionary authority, HHFA will make trades (buys and sells) of securities following the strategy. This discretionary authority will remain in place until revoked by the client or the relationship is terminated. For clients that only allow HHFA to have non-discretionary authority, those clients make the ultimate decision regarding the purchase or sale of each investment.
- iii. Investment Offerings – HHFA offers advice on individual equities, individual fixed income, and both equity and fixed income offerings in mutual funds and exchange traded funds (ETFs). All products HHFA offers advice on are publicly traded. HHFA does not offer advice on proprietary products.
- iv. Account Minimums – While *there is no minimum account size*, smaller accounts may be charged by the hour versus assets under management basis (unless part of a family aggregation plan). Once assets reach \$300,000, the fee structure may convert to assets under management basis, at HHFA’s discretion. *See Form ADV, Part 2A brochure for more information.*

- **Conversation Starter** Given my financial situation, should I choose an investment advisory service? Why or why not?
- **Conversation Starter** How will you choose investments to recommend to me?
- **Conversation Starter** What is your relevant experience, including licenses, education and other qualifications? What do these qualifications mean?

What fees will I pay?

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

HHFA charges either fixed fees, hourly fees (\$275/hr.), or assets under management basis fees (*see Form ADV, Part 2A brochure for detail*). All fees are charged in *arrears* – after the period the fees are

incurred. *Fixed and hourly fees are charged monthly and assets under management fees are charged quarterly. Clients can elect to pay fees directly or from their accounts.*

While custodian fees are presently \$0 for accounts at Charles Schwab (“Schwab”) (under HHFA’s Schwab Institutional Master Account), if an account is closed there *may be an account closing fee imposed by Schwab*. Also, while certain mutual funds traded at Schwab may *charge a transaction fee* to buy and sell their funds, HHFA tries to utilize no-transaction fee funds where possible to eliminate these costs. *See Form ADV, Part 2A brochure for more information.*

- **Conversation Starter** Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are examples to help you understand what this means.

1. The more assets there are in a retail investor’s advisory accounts, the more a retail investor will pay in fees, and HHFA may therefore have an incentive to encourage the retail investor to increase the assets in his or her accounts.
2. If asset under management fees are higher for equities than for fixed income, a conflict may arise by putting more in equities than fixed income since HHFA may make more on equities balances than on fixed income balances.
3. The decision to pay off debt with invested assets may result in a conflict since HHFA may have fewer assets to manage for the client. *See Form ADV, Part 2A brochure for more information.*

- **Conversation Starter** How might your conflicts of interest affect me, and how will you address them?

How do your financial professionals make money?

Our staff is paid a salary which is commensurate with their responsibilities and experience and is not determined by the amount of client assets they service.

Do you or your financial professionals have legal or disciplinary history?

No. A retail investor should visit www.Investor.gov/CRS for a free and simple search tool to research HHFA and our financial professionals.

- **Conversation Starter** As a financial professional, do you have any disciplinary history? For what type of conduct?

Additional information about HHFA’s investment advisory services and a copy of the CRS can be requested from:

**Hilton Head Financial Advisors, Inc. PO Box 21489 Hilton Head, SC 29925
Phone:(843) 681-8300 Email: nathaniel@hiltonheadfinancialadvisors.com**