

## **Form ADV Part 2A: Disclosure Brochure**

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This brochure provides information about the qualifications and business practices of Hinchley Advisory Group, LLC. If you have any questions about the contents of this brochure, please contact us at 303-284-8081. 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 Hinchley Advisory Group, LLC (CRD#157860) is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Hinchley Advisory Group, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## **Item 2 Summary of Material Changes**

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last Annual Updating Amendment dated January 13, 2023, we have made the following material changes:

We revised Item 12 to disclose that we now recommend the brokerage and custodial services of Charles Schwab & Co., Inc. ("Schwab"). In light of the merger between TD Ameritrade and Schwab, all clients have been moved over to the Schwab platform. We have removed all references to TD Ameritrade.

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## Item 4 Advisory Business

### Description of Services and Fees

Hinchley Advisory Group is a registered investment adviser based in Centennial, Colorado. We are organized as a limited liability company under the laws of the State of Colorado. Bruce D. Hinchley is our principal owner. The Firm has been registered since November 2011. We are registered with our home state of Colorado and in such other states where required by law. We only conduct advisory business in those states where we are registered or exempt from registration. We are also approved to conduct advisory business in the state of Minnesota as of 08/2023. Currently, we offer Portfolio Management Services which are personalized to each individual client.

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to Hinchley Advisory Group and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm. Also, you may see the term Associated Person throughout this brochure. As used in this brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

We use the terms "we" and "our" throughout this disclosure brochure to refer to the firm as an entity. The use of these terms is not intended to imply that there is more than one individual associated providing investment advice on behalf of this firm.

### Portfolio Management Services

We offer discretionary portfolio management services. Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm for portfolio management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information (the "suitability information") at the beginning of our advisory relationship. We will use the suitability information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. As part of our portfolio management services, we will customize an investment portfolio for you in accordance with your risk tolerance and investing objectives. We may also invest your assets using a predefined strategy, or we may invest your assets according to one or more model portfolios developed by our firm. Once we construct an investment portfolio for you, or select a model portfolio, we will monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances.

In conjunction with our Portfolio Management Service, we include financial planning at no additional charge. Financial planning typically involves providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. If you retain our firm, we will meet with you to gather information about your financial circumstances and objectives. We may also use financial planning software to determine your current financial position and to define and quantify your long-term goals and objectives. Once we specify those long-term objectives (both financial and non-financial), we will develop shorter-term, targeted objectives. Once we review and analyze the information you provide to our firm and the data derived from our financial planning software, we will deliver a written plan to you, designed to help you achieve your stated financial goals and objectives.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to our firm. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

The following generally describes our model portfolios:

**Growth** - this portfolio seeks to maximize capital appreciation and is not concerned with current income. The portfolio is designed for investors who have a high risk tolerance and are willing to accept greater volatility in exchange for greater potential capital appreciation.

**Moderate Growth** – this portfolio seeks capital appreciation and is not concerned with current income. The portfolio is designed for investors who have a high risk tolerance and are willing to accept volatility in exchange for potential capital appreciation.

**Balanced** – this portfolio seeks to provide moderate capital appreciation and limited current income with a secondary goal of capital preservation. This portfolio is designed for investors who have a moderate risk tolerance and are willing to accept limited volatility in pursuit of moderate capital appreciation.

**Moderately Conservative** – this portfolio seeks to provide limited capital appreciation and modest current income with a secondary goal of capital preservation. This portfolio is designed for investors who wish to limit their exposure to risk but are willing to accept some portfolio volatility in pursuit of modest capital appreciation.

**Conservative** - this portfolio seeks to provide preservation of capital, inflation protection, and current income. Capital appreciation is a secondary goal. This portfolio is designed for investors who have a low risk tolerance and are willing to accept commensurate returns in exchange for asset protection.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. In providing discretionary management services, we do not accept client restrictions on the specific securities or the types of securities that may be held in their account.

### **Types of Investments**

While we primarily recommend mutual funds, variable annuities, and variable life insurance, we may offer advice on any type of investment that a client may have in their portfolio, or inquire about.

### **IRA Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you.

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

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;

- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

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

### **Assets Under Management**

As of January 5, 2024, we provide continuous management services for \$124,704,176 in client assets on a discretionary basis.

### **Conflicts of Interest**

In general, conflicts of interest arise in situations where we: (1) have the ability to receive a financial gain, or avoid a financial loss, at the expense of the client; (2) have a financial or other incentive to recommend a particular product, service, or provider or to favour the interest of another client or group of clients over the interests of the client; and (3) receive or will receive from a person other than the client an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service. As a registered investment adviser, we have a fiduciary duty to you, which means we have an affirmative duty to act in utmost good faith towards you and provide you with full and fair disclosure of all material facts. In order to comply with that duty, all of our associated persons are required to place the interests of our clients ahead of their own when making personal investments. In addition, we require that client transactions be placed before associated persons' personal transactions. Personal trading by associated persons is monitored by our compliance personnel and they are required to submit personal trading reports on a quarterly basis for review.

In addition, we have adopted a Code of Ethics which addresses personal securities reporting procedures. We have also adopted written policies and procedures that address such procedures and that are designed to detect and prevent associated persons from gaining an unfair advantage.

To further mitigate conflicts, we:

Take all reasonable steps to identify and, where possible, avoid conflicts of interest between us (or any person or entity directly or indirectly linked to the firm by control) and our clients;

Put in place appropriate information controls or barriers;

Prepare, maintain, and implement a Written Policy that includes regular reports and supervision;

Provide our Code of Ethics to clients upon request;

Disclose the general nature and sources of conflicts of interests; and

Maintain records of the services and activities performed where a conflict has arisen or may arise.

### **General Information on Advisory Services and Fees**

For residents of Massachusetts - Pursuant to 950 CMR12.205 (8)(d), the disciplinary history, if any, of all investment advisors and their representatives may be obtained by calling The Massachusetts Securities Division at (617) 727-3548.

For Residents of California - Pursuant to California Code of Regulations, 10 CCR Section 260.235.2, Hinchley Advisory Group, LLC hereby makes the following statement:

As it relates to Financial Planning Services, a conflict exists between the interest of Hinchley Advisory Group, LLC and the interests of the client. Further, the client is under no obligation to act upon Hinchley Advisory Group, LLC's recommendations, and if the client elects to act on any of the recommendations, the client is under no obligation to effect the transactions through Hinchley Advisory Group, LLC.

All material conflicts of interest under CCR Section 260.238(k) are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

While the firm endeavors at all times to offer clients its specialized services at reasonable costs, the fees charged by other advisers for comparable services may be lower than the fees charged by Hinchley Advisory Group, LLC.

## **Item 5 Fees and Compensation**

### **Portfolio Management Services**

Our fee for portfolio management services is based on a percentage of your assets we manage and is set forth in the following fee schedule:

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee</u></b>
\$50,000 or less	2.00%
\$50,001 to \$100,000	1.50%
\$100,001 to \$250,000	1.00%
\$250,001 to \$500,000	0.75%
More than \$500,000	0.50%

This fee schedule is a straight tiered fee schedule. Meaning that your entire portfolio is billed at the rate specified. For example, an account valued at \$350,000 would be billed an annual fee of \$2,625 ( $\$350,000 \times 0.75\%$ ), or \$656.25 per quarter ( $\$350,000 \times 0.75\% \times 0.25$ ).

Our annual portfolio management fee is billed and payable quarterly in arrears based on the value of your account on the last day of the quarter. If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client.

Our fees are not negotiable.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when the following requirements are met:

- You provide our firm with written authorization permitting the fees to be paid directly from your

account held by the qualified custodian.

- We send you an invoice showing the amount of the fee, the value of the assets on which the fee is based, and the specific manner in which the fee was calculated.
- The qualified custodian agrees to send you a statement, at least quarterly, indicating all amounts dispersed from your account including the amount of the advisory fee paid directly to our firm.

We encourage you to reconcile our invoices with the statement(s) you receive from the qualified custodian. If you find any inconsistent information between our invoice and the statement(s) you receive from the qualified custodian please call our main office number located on the cover page of this brochure.

### **Termination**

You may terminate the portfolio management agreement without penalty within 5 days after signing the agreement. After the 5 day period you may terminate the agreement upon 30-days' written notice to our firm. In that event, you will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. Refunds are not applicable since fees are paid in arrears.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses.

Whenever possible and appropriate we will recommend no-load mutual funds which do not impose additional transaction charges or fees. However, when we recommend mutual funds or other securities, you will also incur transaction charges and/or brokerage fees when purchasing or selling such investments. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this brochure.

### **Compensation for the Sale of Securities or Other Investment Products**

Bruce Hinchley is licensed as an independent insurance agent. Insurance products are only offered to residents of states where Mr. Hinchley is currently licensed. Mr. Hinchley will earn commission-based compensation for selling insurance products, including insurance products he sells to you. Insurance commissions earned by Mr. Hinchley are separate and in addition to our advisory fees. This practice presents a conflict of interest because, as an insurance agent, Mr. Hinchley has an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. Please see our disclosure regarding Conflicts of Interest in Item 4 (Advisory Business) above. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.



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

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Fees and Compensation* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## Item 7 Types of Clients

We offer investment advisory services to individuals, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate your account if it falls below a minimum size which, in our sole opinion, is too small to effectively manage.

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

We will use one or more of the following methods of analysis or investment strategies when preparing your financial plan or otherwise providing investment advice to you:

- **Charting Analysis** – involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on price patterns and trends.
- **Fundamental Analysis** – involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.
- **Technical Analysis** – involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.
- **Cyclical Analysis** – a type of technical analysis that involves evaluating recurring price patterns and trends.
- **Long Term Purchases** – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.
- **Short Term Purchases** – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

Our model portfolios fall into the following five categories: Growth, Moderate Growth, Balanced, Moderately Conservative, and Conservative. Please see our discussion of these model portfolios under the *Advisory Business* section in Item 4 above.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

Client assets are advised using:

**Charting and Technical Analysis** - The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

**Fundamental Analysis** - The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Cyclical Analysis** - Economic/business cycles may not be predictable and may have many fluctuations between long term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

#### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional regarding the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

#### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

#### **Recommendation of Particular Types of Securities**

As disclosed under the *Advisory Business* section in this brochure, we offer advice on mutual funds, variable annuities, and variable life insurance. However, we primarily recommend mutual funds.

Mutual funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. The returns on mutual funds can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, while other types of mutual funds do charge such fees which can also reduce returns.

## Item 9 Disciplinary Information

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

## Item 10 Other Financial Industry Activities and Affiliations

### Registrations with Other Financial Entities

Neither our firm nor any of our management persons are registered, or have an application pending to register, as a broker-dealer, futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

We do not refer clients to other investment advisers.

### Arrangements with Affiliated Entities

**Accounting and Mortgage Brokerage:** We are affiliated with Hinchley & Company through common control and ownership. If you require accounting, tax preparation or mortgage brokerage services, we will recommend that you use Hinchley & Company. Our advisory services are separate and distinct from the compensation paid to Hinchley & Company for their services. Nevertheless, this practice presents a conflict of interest because persons providing investment advice on behalf of our firm have an incentive to recommend Hinchley & Company for accounting, tax preparation or mortgage brokerage services for the purpose of generating fees rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to use Hinchley & Company for accounting, tax preparation or mortgage brokerage services. We do not maintain check signing authority for any tax or accounting clients. Please see our disclosure regarding Conflicts of Interest in Item 4 (*Advisory Business*) above.

**Insurance Agent:** Bruce Hinchley is licensed as an independent insurance agent. Insurance products are only offered to residents of states where Mr. Hinchley is currently licensed. Mr. Hinchley will earn commission-based compensation for selling insurance products, including insurance products he sells to you. Insurance commissions earned by Mr. Hinchley are separate and in addition to our advisory fees. This practice presents a conflict of interest because, as an insurance agent, Mr. Hinchley has an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. Please see our disclosure regarding Conflicts of Interest in Item 4 (*Advisory Business*) above. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

**Conflicts of Interest:** The referral arrangements we have with Hinchley & Company (for tax, accounting, and mortgage brokerage services) and with Mr. Hinchley (for insurance products) present a conflict of interest because we may have a financial incentive to recommend our affiliates' services. While we believe that compensation charged by our affiliates are competitive, such compensation may be higher than fees charged by other firms providing the same or similar services. You are under no obligation to use our affiliates' services and may obtain comparable services and/or lower fees through other firms. Please see our disclosure regarding Conflicts of Interest in Item 4 (*Advisory Business*) above.

**Real Estate Partnership:** Mr. Hinchley is the General Partner of ProCap Financial, LLLP. ProCap Financial, LLLP directly owns two and one-quarter real estate residential properties. The company entered into an agreement with another affiliated firm, Hinchley & Company whereby Hinchley & Company manages the properties. Mr. Hinchley is the General Partner of ProCap Financial, LLLP and there are two other limited partners who are not clients of Hinchley Advisory Group, LLC. No clients of the RIA are invested in ProCap Financial, LLLP and no clients of the RIA are ever solicited to invest therein. ProCap Financial, LLLP is not open to new investors.

Mr. Hinchley is also the Managing Member of ProCap Real Estate, LLC which directly owns one real estate residential property. There is one RIA client who is invested with Mr. Hinchley in this entity as a member of the LLC. No other clients of the RIA are invested in, or solicited to invest in, this entity. ProCap Real Estate, LLC is not open to any new investors.

Mr. Hinchley is also the sole owner of Hinchley Management, LLC which rents out residential space. This company is not open to investors and is not offered as an investment to our advisory clients.

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you and to act in your best interest. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### **Participation or Interest in Client Transactions**

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested and we may recommend securities to you, or buy or sell securities for client accounts, at or about the same time that we or a person associated with our

firm buys or sells the same securities for our own (or the associated person's own) account. However, since we only purchase mutual funds we do not have the ability to trade ahead of you and receive any more favorable prices than you will receive since mutual funds are only priced at the close of the trading day. Nevertheless, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities. Please see our disclosure regarding Conflicts of Interest in Item 4 (*Advisory Business*) above.

## **Item 12 Brokerage Practices**

### **The custodian and brokers we use**

We do not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15—Custody, below). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, member FINRA/SIPC, as the qualified custodian.

We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. Conflicts of interest associated with this arrangement are described below as well as in Item 14 (Client referrals and other compensation). You should consider these conflicts of interest when selecting your custodian.

We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with Schwab, then we cannot manage your account. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by the advisor. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see "Your brokerage and custody costs").

### **How we select brokers/custodians**

We seek to recommend a custodian/broker that will hold your assets and execute transactions. When considering whether the terms that Schwab provides are, overall, most advantageous to you when compared with other available providers and their services, we consider a wide range of factors, including:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds "[ETFs]", etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, security, and stability
- Prior service to us and our clients
- Availability of other products and services that benefit us, as discussed below (see "Products and services available to us from Schwab")



### **Your brokerage and trading costs**

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

We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. Although we are not required to execute all trade through Schwab, we have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How we select brokers/ custodians"). By using another broker or dealer you may pay lower transaction costs.

### **Products and services available to us from Schwab**

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like ours. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. However, certain retail investors may be able to get institutional brokerage services from Schwab without going through our firm. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services are generally available at no charge to us. Following is a more detailed description of Schwab's support services:

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

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

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, record keeping, and client reporting

**Services that generally benefit only us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays all or a part of a third party's fees. Schwab also provides us with other benefits, such as occasional business entertainment of our personnel. If you did not maintain your account with Schwab, we would be required to pay for these services from our own resources.

#### **Our interest in Schwab's services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab rather than making such decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate, our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/custodians") and not Schwab's services that benefit only us.

#### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

#### **Directed Brokerage**

We do not allow clients to direct brokerage.

#### **Block Trades**

Currently, we do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading") because we invest solely in mutual funds which do not trade in blocks.

#### **Soft Dollars**

We do not have any Soft Dollar Arrangements with any broker-dealer.

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

#### **Portfolio Management Reviews**

Bruce D. Hinchley, President and Managing Member of Hinchley Advisory Group will monitor your accounts on an ongoing basis and will conduct account reviews on a semi-annual basis and upon your request. The reviews are designed to ensure that the advisory services provided to you and/or the portfolio mix are consistent with your stated investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals,

- year-end tax planning,
- market moving events,
- security specific events, and/or,
- changes in your risk/return objectives.

We will provide you with quarterly, performance written reports in conjunction with account reviews. Reports we provide to you will contain relevant account and/or market-related information such as an inventory of account holdings and account performance. In addition, you will receive trade confirmations, monthly or quarterly statements, and year-end tax statements from your account custodian(s).

### **Financial Planning Reviews**

Bruce D. Hinchley, President and Managing Member of Hinchley Advisory Group will prepare a financial plan on an annual basis to ensure that the planning advice and/or asset allocation recommendations made to you are consistent with your stated investment needs and objectives. Generally, we will contact you, and recommend meeting with you to determine whether any updates may be needed based on changes in your circumstances. Changed circumstances may include, but are not limited to marriage, divorce, birth, death, inheritance, lawsuit, retirement, job loss, and/or disability, among others. Where warranted, we will provide you with updates to the financial plan in conjunction with the review. Additional reviews will be conducted upon your request. We will provide regular written reports for financial planning and consulting services. If you implement financial planning advice through Hinchley Advisory Group, you will receive trade confirmations and monthly or quarterly statements from relevant custodians.

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

We do not receive any compensation from any third party in connection with providing investment advice to you nor do we compensate any individual or firm for client referrals. Please see *Other Financial Industry Activities and Affiliations* in Item 10 above for more information concerning compensation we receive from Hinchley & Company for accounting, tax preparation or mortgage brokerage services.

As disclosed under the *Fees and Compensation* section in this brochure, persons providing investment advice on behalf of our firm receive compensation as licensed insurance agents and broker-dealer limited representatives. Please see our disclosure regarding Conflicts of Interest in Item 4 (*Advisory Business*) above.

## **Item 15 Custody**

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



You should compare our statements with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, please contact us immediately at the telephone number on the cover page of this brochure.

As noted in Item 10 above, Mr. Hinchley is the Managing Member of ProCap Real Estate, LLC which directly owns one real estate residential property. There is one RIA client who is invested with Mr. Hinchley in this entity as a member of the LLC. No other clients of the RIA are invested in, or solicited to invest in, this entity. ProCap Real Estate, LLC is not open to any new investors. Although Mr. Hinchley is the Managing Member to the Fund, the Fund has removed Mr. Hinchley's access to the Fund's bank account and engaged an independent accountant to manage the cash flows in order to ensure that neither Mr. Hinchley nor Hinchley Advisory Group, LLC will have custody over such cash.

## **Item 16 Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a power of attorney, and/or trading authorization forms.

You will grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. Please refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

## **Item 17 Voting Client Securities**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## **Item 18 Financial Information**

We are not required to provide a balance sheet or other financial information to our clients because we do not require the prepayment of fees in excess of \$1,200 and six months or more in advance; we do not take custody of client funds or securities; and, we do not have a financial condition that is reasonably likely to impair our ability to meet our commitments to you. Moreover, we have never been the subject of a bankruptcy petition.

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

We are a federally registered investment adviser; therefore, we are not required to respond to this item.

## **Item 20 Additional Information**

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

For Massachusetts residents: The IA is forbidden to share any information, which qualifies as private unless the investor specifically agrees thereto, or "opts in".

### **Trade Errors**

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

### **Class Action Lawsuits**

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