



## ITEM I - COVER PAGE

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Appendix I of Form ADV Part 2A – Wrap Fee Program Brochure

Dated March 20, 2024

This disclosure Brochure provides information about the wrap program of First Heartland® Consultants, Inc. (also referred to as we, us, firm, and FH Consultants throughout this disclosure Brochure) and should be read in conjunction with the FH Consultants Form ADV Part 2A Disclosure Brochure. If you have any questions about the contents of this disclosure Brochure, please contact Zeonia Christy at (636) 695-2822. The information in this disclosure Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about FH Consultants is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for First Heartland® Consultants, Inc. or our firm's CRD number: 110377

\*Registration as an investment adviser does not imply a certain level of skill or training.

## ITEM 2 - MATERIAL CHANGES

The following is a summary of certain changes made to this Brochure from the time of the annual update of the Brochure dated March 16, 2023. We will ensure that you receive a summary of any material changes to this and subsequent disclosure Brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time, we will also offer to provide a copy of the most current disclosure Brochure. We will also provide other ongoing disclosure information about material changes as necessary.

### • **ITEM 4 – SERVICES, FEES AND COMPENSATION**

The amount of client assets managed by FH Consultants under the wrap fee program as of December 31, 2023 totaled approximately \$1,570,439,065 on a discretionary basis and \$12,660,570 on a non-discretionary basis (this figure excludes non-FBO employer-sponsored plan assets). In addition, FH Consultants' Third Party Asset Management Program Services ("TAMP") managed \$82,644,206 on a discretionary basis (including \$24,032,916 TAMP services provided by SEI on which FH Consultants maintained discretion on a "sell-only" basis).

#### **Third-Party Asset Management Program (TAMP) Services**

FH Consultants currently offers advisory services through TAMPs sponsored by AssetMark, Brinker Capital, Miller-Howard Investments, Inc., Managed 360®/BNY Mellon Advisors, Inc. ("Managed 360®/BNY Mellon Advisors"), SEI Investments Company ("SEI"), Wasmer Schroeder & Company, and C2P Capital Advisory Group, LLC d/b/a Prosperity Capital Advisors ("PCA"), formerly, Valor Capital Management, LLC.

#### **Fees and Compensation**

Of the total wrap fee charged, FH Consultants will retain a portion of the wrap fee, called a Platform Fee, based on a tiered schedule as follows:

Account Value in US Dollars	Platform Fee Basis Point Charge
The First \$2,500,000	17
The Next \$2,500,000	9
The Next \$2,500,000	8
The Next \$2,500,000	7
Over \$10,000,000	6

After the Platform Fee is retained on each Account, the remainder of the total wrap fee is paid to your IAR and the selected TAMP service provider, if applicable. Please see your Advisory Services Agreement for more details.

Fees are charged as a percentage of assets under management, typically billed in advance (or arrears for certain TAMP services) on a quarterly calendar basis, and calculated based on the trade date value of your Account as of the last business day of the previous billing period. It is important to note that fees are charged on the trade date value of your Account which will include any margin, cash and/or money market holdings, and the value of trades not yet settled. As a result of charging fees on money market balances contained in your account, the fee charged will exceed the yield earned on money market balances.

Fees are prorated for your account if it is opened and funded at any time other than the beginning of the billing period.

Any and all brokerage account fees, including custodial fees, IRA maintenance fees, wire transfer fees, and other types of fees and charges imposed by the custodian of your Account(s) apply to each of your Account(s) and are also not included in the total wrap fee. Please refer to FH Consultants Form ADV Part 2A Disclosure Brochure for additional information about these fees.

Form CRS and the FHC Compensation/Conflicts of Interest Disclosure is provided to you whenever an Account(s) is opened with our affiliated broker-dealer. None of these fees are retained by FH Consultants, FH Capital, or your IAR.

For wrap accounts held at Pershing (excluding Managed 360®/BNY Mellon Advisors accounts), clearance and execution charges are assessed by Pershing to our affiliated broker-dealer, FH Capital, based on a percentage of assets under management (“Asset Based Pricing”). Pershing’s Asset Based Pricing charge is 1.5 basis points (bps) annually based on the fair market value of advisory accounts. The charge is billed to FH Capital in arrears on a monthly calendar basis based on the end of month value of the Account. FH Capital then bills your IAR and your IAR reimburses FH Capital for the Asset Based Pricing charge.

It should be noted that the purchase and sale of alternative investments and certain mutual funds designated by Pershing as “surcharge funds” carry additional charges in addition to the normal clearance and execution charges and these additional charges are not included in the Asset Based Pricing charge.

- **ITEM 9 – ADDITIONAL INFORMATION**

**Handling Trade Errors**

Alongside our affiliated broker-dealer FH Capital, FH Consultants has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of FH Consultants to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client is responsible for any loss resulting from the correction. In all situations where the client does not cause the trade error, for example with discretionary trades, the client is made whole and any loss resulting from the trade error is absorbed by our FH Capital and/or the IAR responsible for the error. FH Capital will retain any trade error gains. Neither FH Consultants nor your IAR will benefit or profit from trade errors.

### ITEM 3 - TABLE OF CONTENTS

Item 1 Cover Page	I
Item 2 Material Changes	2-3
Item 3 Table of Contents	4
Item 4 Services, Fees and Compensation	5-9
Item 5 Account Requirements and Types of Clients	9
Item 6 Portfolio Manager Selection and Evaluation	9-16
Item 7 Client Information Provided to Portfolio Managers	16
Item 8 Client Contact with Portfolio Managers	16
Item 9 Additional Information	16-23

#### ITEM 4 – SERVICES, FEES AND COMPENSATION

The investment advisory services of FH Consultants are provided to you through an appropriately licensed individual who is an investment adviser representative (referred to as “IAR” throughout this Brochure) of FH Consultants. Your IAR is not an employee of FH Consultants; rather, your IAR is an independent contractor. For more information about your IAR, you should refer to the Brochure Supplement for your IAR (also known as the Form ADV Part 2B). The Brochure Supplement is a separate document that is provided by your IAR along with this Brochure before or at the time you engage the IAR. If you did not receive a Brochure Supplement for the IAR, you should contact the IAR or FH Consultants at 636-625-0900. Your IAR is limited to providing the services and charging investment advisory fees in accordance with the descriptions detailed in this Brochure. However, the exact services you receive and the fees you will be charged will be specified in your Advisory Services Agreement.

The amount of client assets managed by FH Consultants under the wrap fee program as of December 31, 2023 totaled approximately \$1,570,439,065 on a discretionary basis and \$12,660,570 on a non-discretionary basis (this figure excludes non-FBO employer-sponsored plan assets). In addition, FH Consultants’ Third Party Asset Management Program Services (“TAMP”) managed \$82,644,206 on a discretionary basis (including \$24,032,916 TAMP services provided by SEI on which FH Consultants maintained discretion on a “sell-only” basis).

This Brochure provides information about FH Consultants and the following types of advisory services which are provided via our wrap fee program: Personalized Asset Management Services, and Third Party Asset Management Program (TAMP) Services. Please understand that a written agreement, which details the exact terms of the services provided, must be signed by you, your IAR, and FH Consultants before any services can be provided to you.

##### **Personalized Asset Management Services**

FH Consultants offers personalized asset management services (also known as Representative as Portfolio Manager Service Level or Rep as PM Service Level) through your chosen IAR, who provides you with continuous and ongoing monitoring over your specified accounts. You must specify the accounts for which our firm will serve as your investment adviser (collectively, the “Account”). The Account consists only of separate account(s) held by qualified custodian(s) under your name. (Typically, assets under this program are held by Pershing as the qualified custodian.) The qualified custodians maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed by your IAR based on your financial situation, investment objective and risk tolerance. Your IAR actively monitors the Account and provides advice and/or utilizes discretion regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account.

Your IAR will need to obtain certain information from you to determine your financial situation and investment objective. You will be responsible for notifying your IAR of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions. However, your IAR will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. Your IAR is always available to consult with you regarding your Account. You have the ability to impose reasonable restrictions on the management of your Account, including the ability to instruct your IAR not to purchase or sell certain securities or types of securities.

Your agreement with FH Consultants and your IAR permits us to purchase and sell certain types of investment products using discretionary authority, i.e., without consulting with you in advance. IARs of FH Consultants can provide discretionary asset management on the following types of investments: mutual funds, money market funds, exchange traded funds (ETFs), options, equities, fixed income securities, UITs, CDs, fee-based annuity sub-accounts, structured notes, and structured CDs. Please note, however, that if your Account is an employer-sponsored retirement “FBO” account such as a 401k or another type of ERISA plan, your IAR will not have discretionary authority over that specific Account. In addition, please note that fee-based annuities cannot be purchased or sold using discretion; once purchased, the sub-accounts may be allocated using discretion.

It is important that you understand that we manage investments for other clients and will give them advice or take actions for them, or for our personal accounts, that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we buy, sell or recommend for any other clients or for our own accounts.

Conflicts will arise in the allocation of investment opportunities among Account(s) that we manage. We strive to allocate investment opportunities believed to be appropriate for your Account(s) and other accounts managed by our firm equitably and consistently in the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

### **Third-Party Asset Management Program (TAMP) Services**

FH Consultants makes available advisory services and programs of third-party investment advisers (also known as the Referral Service Level). TAMP services involve FH Consultants, through your IAR, providing ongoing investment advice to clients that is tailored to the individual needs of the client. As part of these TAMP services, your IAR obtains the necessary financial data from you, assists you in determining the suitability of the program, assists you in setting an appropriate investment objective and assists you in opening an account with the TAMP. In addition, depending on the type of program, your IAR will assist you in selecting a model portfolio of securities designed by the TAMP or selecting a portfolio management firm to provide asset management services.

FH Consultants currently offers advisory services through TAMPs sponsored by AssetMark, Brinker Capital, Miller-Howard Investments, Inc., Managed 360®/BNY Mellon Advisors, Inc. ("Managed 360®/BNY Mellon Advisors"), SEI Investments Company ("SEI"), Wasmer Schroeder & Company, and C2P Capital Advisory Group, LLC d/b/a Prosperity Capital Advisors ("PCA"), formerly, Valor Capital Management, LLC. Please note that Brinker Capital is no longer available to new clients. For all TAMPs except SEI and PCA, it is the TAMP (and not the IAR) that has client authority to purchase and sell securities on a discretionary or non-discretionary basis pursuant to the investment objective and program chosen by the client. For those Accounts with SEI, your IAR only has discretionary authority to sell positions in your Account. For those Accounts with PCA, your IAR retains full discretion over the Account while utilizing PCA customized model portfolios. All authorizations will be set out in the TAMP client agreement. The Brochure for the particular TAMP will explain whether clients may impose restrictions on investing in certain securities or types of securities. Clients should refer to the Brochure, client agreement and other account paperwork for each TAMP for more detailed information about the services available under the program. TAMP services offered by Managed 360®/BNY Mellon Advisors, Wasmer Schroeder & Company, Miller-Howard Investments, Inc. and PCA all utilize Pershing, LLC ("Pershing") as the custodian of assets. Brinker Capital, AssetMark, and SEI utilize National Financial Services, LLC, AssetMark Trust Company, and SEI Private Trust Company, respectively. Please consult the TAMP providers Form ADV and other disclosure documents for additional information.

### **Fees and Compensation**

This section provides details regarding our fees and compensation. It should be noted that lower fees for comparable services are available from other sources. The exact fees and other terms for the advisory services you will receive will be outlined in the Advisory Services Agreement between you, your IAR, and FH Consultants. The maximum fee for all services provided is 1.75% (175 basis points) of the assets managed in the wrap fee program, with the exception of fee-based annuities. The maximum fee for advisory services provided on fee-based annuities is 1.50% (150 basis points). Fees are negotiable and typically paid quarterly in advance. However, certain TAMP service providers (Wasmer Schroeder & Company and SEI) are paid quarterly in arrears.

Fees are negotiated between the IAR and the client based on the IAR providing the services. As a result, your IAR will charge more or less for the same services than another IAR of FH Consultants and your IAR will charge you, specifically, more or less for the same services than another client of the IAR.

Of the total wrap fee charged, FH Consultants will retain a portion of the wrap fee, called a Platform Fee, based on a tiered schedule as follows:

Account Value in US Dollars	Platform Fee Basis Point Charge
The First \$2,500,000	17
The Next \$2,500,000	9
The Next \$2,500,000	8
The Next \$2,500,000	7
Over \$10,000,000	6

After the Platform Fee is retained on each Account, the remainder of the total wrap fee is paid to your IAR and the selected TAMP service provider, if applicable. Please see your Advisory Services Agreement for more details.

Fees are charged as a percentage of assets under management, typically billed in advance (or arrears for certain TAMP services) on a quarterly calendar basis, and calculated based on the trade date value of your Account(s) as of the last business day of the previous billing period. It is important to note that fees charged on the trade date value of your Account will include any margin, cash and/or money market holdings, and the value of trades not yet settled. As a result of charging fees on money market balances contained in your Account, the fee charged will exceed the yield earned on money market balances.

Fees are prorated for your Account if it is opened and funded at any time other than the beginning of the billing period. If asset management services are commenced in the middle of the billing period, then the prorated fee for that billing period is based on the value of the Account when services commence and is due immediately. Performance-based fees are defined as fees based on a share of capital gains or capital appreciation of the assets held in a client's account. We do not charge or accept performance-based fees.

As a wrap fee, the total fee includes fees you will pay related to security transactions (including clearance and execution charges or "ticket charges") as well as fees payable to us, your IAR, and the selected TAMP, if applicable. You will pay more or less than if you were to purchase the same or similar services separately. Among the factors impacting the cost of the program are the account size, account type (annuity), services provided, and the particular TAMP selected, if applicable.

For wrap accounts held at Pershing (excluding Managed 360®/BNY Mellon Advisors accounts), clearance and execution charges are assessed by Pershing to our affiliated broker-dealer, FH Capital, based on a percentage of assets under management ("Asset Based Pricing"). Pershing's Asset Based Pricing charge is 1.5 basis points (bps) annually based on the fair market value of advisory accounts. The charge is billed to FH Capital in arrears on a monthly calendar basis based on the end of month value of the Account. FH Capital then bills your IAR and your IAR reimburses FH Capital for the Asset Based Pricing charge.

It should be noted that the purchase and sale of alternative investments and certain mutual funds designated by Pershing as "surcharge funds" carry additional charges in addition to the normal clearance and execution charges and these additional charges are not included in the Asset Based Pricing charge. Your IAR is solely responsible for any clearance and execution charges not included as part of the Asset Based Pricing charge. As such, this creates a conflict of interest as your IAR has an incentive not to purchase alternative investments or "surcharge funds" for your account as this increases your IAR's cost.

For wrap accounts utilizing Managed 360®/BNY Mellon Advisors and/or other TAMP providers that do not custody at Pershing, neither FH Capital nor your IAR are assessed the 1.5bps Asset Based Pricing charge. For Managed 360®/BNY Mellon Advisors accounts, all clearance and execution charges are included as part of the Managed 360®/BNY Mellon Advisors advisory fee charged to you. Using Managed 360®/BNY Mellon Advisors and/or another TAMP provider creates a conflict of interest as your IAR has an incentive to recommend use of Managed 360®/BNY Mellon Advisors and/or another TAMP provider to reduce his/her cost (i.e., by avoiding the Asset Based Pricing charge).

Other costs that will be assessed to you and that **are not part of** the total wrap fee include fees for portfolio transactions executed away from Pershing spreads paid to market-makers and exchange fees, among others. In addition, the wrap fee **does not include** other amounts that you will be subject to such as the initial and ongoing expenses paid to third party investments or third party pooled investment vehicles, such as mutual funds, annuities, or alternative investments. Such expenses are usually set forth in the applicable offering document (prospectus) or the investment contract, and are payable or borne by you in addition to any fee outlined above. Any and all brokerage account fees, including custodial fees, IRA maintenance fees, wire transfer fees, and other types of fees and charges imposed by the custodian of your Account(s) apply to each of your Account(s) and are also not included in the total wrap fee. None of these fees are retained by FH Consultants, FH Capital, or your IAR.

Please refer to FH Consultants Form ADV Part 2A Disclosure Brochure for additional information about these fees. In addition, further information can be found in Form CRS and the FHC® Compensation/Conflicts of Interest Disclosure which is provided to you whenever an Account(s) is opened with our affiliated broker-dealer.

IARs who recommend services in this program to you and their other clients will receive compensation as a result of your participation in the program. Typically, this compensation will be more than what the IAR would receive if you participated in other programs or services, or paid separately for investment advice, brokerage and other services. Therefore, IARs have a financial incentive to recommend these programs over other services available.

Our agreement with you authorizes the qualified custodian(s) of your Account to deduct the wrap fee from your Account and pay it directly to our firm. You should review your account statements received from the qualified custodian(s) and verify that appropriate fees are being deducted. The qualified custodian(s) will not verify the accuracy of the wrap fees deducted. In certain circumstances, and in lieu of having the wrap fee deducted from your Account, you can instruct us to send an invoice to you and you can pay our firm via a check made payable to First Heartland® Consultants, Inc. or have the fee for the Account deducted from a non-qualified brokerage account held through our affiliated broker-dealer and Pershing. If fees are invoiced, the fees for the services of our firm will be due immediately after your receipt of the invoice.

All wrap fees are paid to First Heartland® Consultants and you should **NEVER** direct payment to your IAR or your IAR's entity.

Participation in these programs will continue in effect until terminated by either party by providing notice of termination to the other party, upon the account holder's death (excluding joint accounts, trusts, etc.), or upon your IAR no longer being affiliated with FH Consultants. Any prepaid, unearned fees will be refunded by FH Consultants to you. Fee refunds will be determined on a pro-rata basis using the number of days for which services were actually provided during the final period. Please note that once terminated, your Account(s) will no longer be actively managed but will remain open at the applicable custodian until transferred to another firm or closed. In addition, with respect to Pershing accounts, in the event your IAR ceases to be affiliated with FH Consultants or your Account(s) are otherwise removed from active management (with the exception of transfer to another firm), your Account(s) will be assigned a new account number to designate that it is no longer an advisory account. You will receive a letter detailing the new account number.

FH Consultants believes that its wrap fee is reasonable in relation to the services provided and the fees charged by other investment advisers offering similar services/programs. However, our wrap fee will be higher or lower than those charged by other investment advisers offering similar services and programs. In addition to our compensation, you will also incur charges imposed at the mutual fund level or product level (e.g., internal fund expenses, annuity expenses, etc.).

Regardless of how your Account is invested, you will not pay commissions or 12(b)-1 fees in addition to the wrap fee. If at any time, a commission or 12(b)-1 fee is imposed, it will be credited back to your Account.



If your assets are invested with insurance companies that issued you an annuity contract, the insurance company will charge you fees and expenses in addition to the wrap fee charged by FH Consultants. In addition, your annuity contract will be subject to sub-account reallocation fees and surrender charges. FH Consultants does not share in the fees charged by your insurance company. Please refer to the prospectus of your annuity contract for more details about the insurance company's management expenses and any sub-account reallocation or surrender fees. In the event that your IAR sold you the annuity contract in his or her separate capacity as a registered representative of a broker-dealer, your IAR received commission for that transaction. Please note, that we do not allow annuities to be placed under management and charged a wrap fee if commissions were received on the sale of that annuity.

Your IAR may also be a licensed insurance agent. If licensed as such, your IAR can recommend insurance products as part of an overall financial plan in addition to your participation in the wrap program. Your IAR will earn a commission on the purchase of the recommended insurance product. The commissions earned on any insurance product or other type of investment product which is not covered under your wrap agreement, are separate, distinct, and in addition to the wrap fee charged on your Account(s).

These situations described above inherently create a conflict of interest, because the additional income to be earned is an incentive to make recommendations that carry with them the additional compensation.

The firm addresses conflicts of interest by informing our clients of the inherent risk, reviewing the trading activity in clients' accounts as well as the suitability of recommended investments, and always basing investment recommendations on the individual needs and in the best interests of our clients.

#### ITEM 5 – ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

FH Consultants' wrap services are available for individuals, individual retirement accounts ("IRAs"), trusts, estates, charitable organizations, state and municipal government entities, corporations, and other business entities.

For all wrap services, FH Consultants requires a minimum per account value of \$6,500. In certain circumstances, and on a case-by-case basis, FH Consultants will accept an account less than \$6,500. Accounts cannot be aggregated to reach this minimum.

#### ITEM 6 – PORTFOLIO MANAGER SELECTION AND EVALUATION

##### **TAMP as Portfolio Manager**

FH Consultants evaluates TAMPs based on data and information from various third party sources, such as independent databases, and from the particular TAMP. Among the information we collect and analyze is historical performance, investment philosophy, investment style, historical volatility and correlation across asset classes. We examine the Form ADV of the TAMP, any applicable offering document, performance reports and other information to help determine the TAMP's investment strategy. We also attempt to verify information by comparing it to publicly available sources. FH Consultants may replace TAMPs if they substantially change their investment style, fees, or for other reasons as circumstances dictate.

The IAR is responsible for the selection of any TAMP for a client based upon the client's specific situation, requirements, and what is in the client's best interest. IARs will recommend the replacement of any TAMP consistent with their duties as a fiduciary under applicable law.

Account statements will be forwarded by Pershing or other qualified custodians to you on at least a quarterly basis. As with all investments, we do not guarantee positive performance results. We do not review quarterly or annual performance information of TAMPs and performance information may not be calculated on a uniform or consistent basis among the various TAMPs. Furthermore, TAMPs may not calculate performance in accordance with any industry or other standards.

With the exception of SEI and PCA, the TAMP (not the IAR) has client authority to purchase and sell securities on a discretionary or non-discretionary basis pursuant to the investment objective chosen by the client. For those Accounts with SEI, your IAR only has discretionary authority to sell positions in your Account while SEI maintains full discretion. For those Accounts with Valor, your IAR retains full discretion over the Account while utilizing PCA customized model portfolios. These authorizations will be set out in the TAMP client agreement or other TAMP disclosure Brochure, if applicable. The Brochure for the particular TAMP will also explain whether clients may impose restrictions on investing in certain securities or types of securities. FH Consultants currently offers advisory services provided by the following TAMPs: AssetMark, Brinker Capital, Miller-Howard Investments, Inc., Managed 360®/BNY Mellon Advisors, Inc., SEI, PCA and Wasmer Schroeder & Company. Please note that Brinker Capital is no longer available to new clients.

The selected TAMP will use various methods of analysis and have varying investment strategies. Clients should refer to the selected TAMP's Form ADV for information regarding the methodology and investment strategies utilized.

Past performance is not indicative of future results. Therefore, you should never assume that the future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Furthermore, depending on the different types of investments there are varying degrees of risk. You should be prepared to bear investment loss including loss of original principal. Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that the services and methods of analysis by any selected TAMP can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

### **IAR as Portfolio Manager**

Your IAR is limited to providing the services and charging fees in accordance with the descriptions detailed in this Brochure. The exact services you receive and the fees you will be charged will be specified in your Advisory Services Agreement. Please understand that a written agreement, which details the exact terms of the services provided, must be signed by you, your IAR and FH Consultants before we can provide you the services.

Your chosen IAR will provide you with continuous and ongoing monitoring over your specified Account. The Account consists only of separate account(s) held by qualified custodian(s) under your name. Typically, assets under this program are held by Pershing as the qualified custodian. The qualified custodian maintains custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed by your IAR based on your financial situation, investment objective and risk tolerance. Your IAR actively monitors the Account and provides advice and/or utilizes discretion regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account.

Your IAR will need to obtain certain information from you to determine your financial situation and investment objective. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective, and whether you wish to impose or modify existing investment restrictions. However, your IAR will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. Your IAR is always available to consult with you relative to the status of your Account. You have the ability to impose reasonable restrictions on the management of your Accounts, including the ability to instruct your IAR not to purchase or sell certain securities or types of securities.

Your agreement with FH Consultants permits us to purchase and sell certain types of securities on a discretionary basis without consulting with you in advance. Discretionary asset management is permitted on the following types of investments: mutual funds, money market funds, exchange traded funds (ETFs), options, equities, fixed income securities, UITs, CDs, fee-based annuity sub-accounts, structured notes, and structured CDs. Please note, however, that if your Account(s) is an employer-sponsored retirement "FBO" account such as a 401k or another type of ERISA plan, your IAR will not have discretionary authority over that specific Account. In addition, please note that fee-

based annuities cannot be purchased or sold using discretion; once purchased, the sub-accounts may be allocated using discretion.

It is important that you understand that we manage investments for other clients and will give them advice or take actions for them, or for our personal accounts, that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we buy, sell or recommend for any other clients or for our own accounts.

Conflicts will arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your Account(s) and other accounts advised by our firm equitably and consistently in the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

### **Methods of Analysis**

Our investment adviser representatives' methods for security analysis include:

1. Cyclical analysis
2. Fundamental analysis
3. Technical analysis

Our IARs choose their own research materials, methods, investment strategies, investment styles and management philosophy. IARs also utilize model portfolios containing mutual funds, exchange traded funds (ETF), variable annuity sub-accounts and/or other securities based on various information, research, asset allocation methodologies and investment strategies. Some model portfolios may be designed by your IAR, other advisory firms, and/or other money managers. It is important to note that no methodology or investment strategy is guaranteed to be successful or profitable. Clients should ask their IAR to provide an explanation as to methods of analysis utilized.

### **Cyclical Analysis**

This method analyzes the investments sensitive to business cycles, economic trends, interest rates, and the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and in higher demand during upswings. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins. While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle. If an investment decision is executed before the bottom, then downside price action will result. If executed after the bottom, then upside price action will be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or losses.

Cyclical analysis is also typically used to guide asset allocation within pre-established ranges, investment style exposure (often value, blend, or growth), and any allocations to specific sectors or investment products designed to create exposure to particular areas of economic interest.

Lastly, time spent using one analytical method will compete with other analytical methods which might have proven more useful and profitable.

### **Fundamental Analysis**

Fundamental Analysis, sometimes called the "bottom-up" approach, seeks an in-depth understanding of a specific firm or company to evaluate its intrinsic value and future prospects before investing in its stock. This form of

analysis studies the firm's management, its debt, equity and cash flow, its history of financial performance/ growth, dividend payout percentages, its products, operating efficiency and marketing structures, among other factors. The firm's balance sheet, income statement, and statement of cash flows are key sources of information about the firm. These inputs are used to guide individual stock selections. However, a business can falsify facts to hide poor performance or a fragile financial situation. The independence of balance sheets' and other reports' numerical information from such possible manipulation may not be readily verifiable.

Fundamental Analysis places value on the financial structure and health of the firm to be invested in. At times, these factors have been of little or no interest to the market-place and have not always correlated to market performance, such that the stock prices for fundamentally sound companies may wither while investors look to other reasons and areas to invest in. An example of this occurred with the "dot-com" bubble of the 1990s.

Fundamental Analysis concepts also apply to the analysis of mutual fund and ETF management teams. In those cases, the qualifications and tenure of the investment decision makers, investment style consistency, and degree of risk assumed, along with other variables, are reviewed and evaluated.

Fundamental Analysis also utilizes various financial data to decide whether a security is over or under-valued, such as comparing a firm's stock price with its earnings per share and its net earnings to its gross revenues and comparing both with the averages for that industry sector. Similarly, the ratio of current liabilities to current assets is another important element of this form of evaluation. Fundamental Analysis will also utilize various financial data to decide whether a mutual fund or an ETF management team has delivered excess performance, or "alpha", as compared to their benchmark indices. Alpha is normally a product of both individual mutual fund and ETF selection and portfolio composition oriented to reduce systemic and unanticipated risks.

As a term in large-scale economics, a Fundamental Analysis studies gross national product, inflation, interest rates, trade and unemployment trends, consumer confidence, savings and spending patterns, and inventories in order to predict the larger movements of national and international economies. These larger concerns influence the elements considered in a Fundamental Analysis of any given security.

The factors involved in Fundamental Analysis can require time-consuming study that can fall behind the need to make decisions, if such factors begin to change rapidly. Few of the numbers are absolutes; many are relative to other factors or industry sector information. Most require intelligent judgment and experience to be applied meaningfully to stock values.

In addition to the other risk factors discussed, the risk associated with Fundamental Analysis is that it is subjective. While a quantitative approach is possible, Fundamental Analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

Lastly, time spent using one analytical method will compete with other analytical methods which might have proven more useful and profitable.

### **Technical Analysis**

Technical Analysis is another form of analysis focused on patterns of price fluctuations as driven by volume. This analysis relies on historic relational patterns as predictors of future movements in markets, funds, or individual securities. The patterns discerned, often using charts or indicators for a quick grasp of the relationship of various factors, are used to predict future movements of securities prices.

Technical Analysis attempts to see patterns believed to be repeatable in similar market conditions. Market conditions may consist of many factors any one of which may alter the outcome of an otherwise very similar situation. No one indicator is absolutely reliable, and a multiple of indicators may complicate understanding and

evaluation as much as or more than it allows deeper insight into the market's mechanics. Technical Analysis relies on continuation of a trend or trends. Trends often change as the markets incorporate new information.

Technical Analysis also can involve a subjective analysis of "relative strength". Relative strength measures the speed of change in price movements. Investment styles, sectors, and asset classes demonstrating greater relative strength than others become candidates for portfolio inclusion. Investments demonstrating low or falling relative strength become candidates for portfolio liquidation.

The understanding(s) offered clients in explanation tend to use generic Technical Analysis, while the working concepts that are derived from those basics and modified by experience and a firm's emphasis may well be hidden in part or completely as proprietary strategies that may let one adviser or market participant outperform another. Technical analysis assumes that all the market factors are known to and considered by all the market's participants, although, in fact, the market can act in highly partial and even apparently irrational ways.

Technical analysis is subjective in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical Analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiments is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security. There are risks involved in using any analysis method.

Lastly, time spent using one analytical method will compete with other analytical methods which might have proven more useful and profitable.

### **Investment Strategies and Risks**

IARs of FH Consultants will use one or more of the following investment strategies when managing client assets and/or providing investment advice:

Long term purchases: Investments held at least a year.

Short term purchases: Investments sold within a year.

Frequent trading: This strategy refers to the practice of selling investments within 30 days of purchase.

Short sales: A short sale is generally the sale of a stock not owned by the investor. Investors who sell short believe the price of the stock will fall. If the price drops, the investor can buy the stock at the lower price and make a profit. If the price of the stock rises and the investor buys it back later at the higher price, the investor will incur a loss. Short sales require a margin account.

Margin transactions: When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest of the purchase price from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients may open a margin account but cannot borrow from FH Consultants. Margin is obtained through Pershing. When a margin account is opened, you will pay margin interest to both Pershing and our affiliated broker-dealer, FH Capital. Any margin interest earned by our affiliated broker-dealer is not shared with FH Consultants or your IAR.

Option writing including covered options, uncovered options or spreading strategies: Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

Tactical asset allocation: Allows for a range of percentages in each asset class (such as Stocks = 40-50%). The ranges establish minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible, since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak.

Strategic asset allocation: Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a “buy and hold” strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client’s goals and needs change and as the time horizon for major events such as retirement and college funding grows shorter.

FH Consultants does not primarily recommend one type of security to clients. Instead, we recommend any products that are in the client’s best interest relative to their specific circumstances and needs. You should ask your IAR what types of securities will be used in the management of your Account(s). Your IAR is only permitted to use and recommend products in their investment strategies that are currently available on the FH Consultants and/or the FH Capital platforms. Types of investment products on the FH Consultants and/or FH Capital platforms include but are not limited to mutual funds, exchange traded funds (ETFs), options, equities, fixed income securities, UITs, CDs, fee-based annuities, structured notes, and structured CDs. In addition, your IAR is permitted to provide investment advice on client holdings that currently exist in the client portfolio including but not limited to hedge funds, private placements, etc. However, IARs are **not permitted** to recommend the purchase of any hedge fund, private placement or other investment that is not currently available on the FH Consultants and/or the FH Capital platforms.

You should understand that past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities involves risk of loss. Furthermore, depending on the different types of investments there are varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- **Market Risk** – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systematic risk.
- **Equity (stock) Market Risk** – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- **Company Risk**- When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company’s employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- **Fixed Income Risk**- When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

- **Options Risk-** Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- **ETF and Mutual Fund Risk** – When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. In addition, certain ETFs employ sophisticated financial strategies, such as leverage, futures, options, and derivatives, in pursuit of their investment objectives. The use of leverage and inverse strategies (use of futures and other derivatives) by a fund increases the risk to the fund and magnifies gains and losses on the investment. Typically, these products have one-day investment objectives and investors can lose a significant amount of principal rapidly in these securities.
- **Management Risk** – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- **Strategy Risk** – When investments are made through a strategy, rather than individualized investment considerations, there is always the possibility that individualized investment choices would have produced a more positive result for a client than an approach where investments are made for a group of individuals with common characteristics.
- **Algorithms and Models** – When an investment manager develops a mathematical algorithm that identifies trigger points for the purpose of indicating a “buy” or “sell” signal, these trigger points are limited in that they are based solely on the data input to the algorithm. There is an unlimited amount of data that can be considered in making any given decision as to whether to buy or sell any given security. An algorithm, by design, ignores some data in favor of others. There is a risk that the data selected for the algorithm will not create a positive result, whereas other data, had it been considered, may do so.
- **Transition Risk** – As assets are transitioned from a client's prior advisors to FH Consultants there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments will need to be sold in order to reposition the portfolio into the asset allocation strategy selected by your IAR. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. The inability to transition a client's holdings into recommendations of your IAR may adversely affect the client's account values, as your IAR's recommendations may not be able to be fully implemented.
- **Margin Risk** - When you purchase securities, you can pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you intend to borrow funds in connection with your Account, you will be required to open a margin account, which will be carried by the clearing firm. The securities purchased in such an account are the clearing firm's collateral for its loan to you. If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and as a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in your account. The brokerage firm can issue a margin call and/or sell other assets in your account. It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you maintain, including any margin account that is established as part of the agreement established between you and First Heartland® Consultants and held by the account custodian or clearing firm. These risks include the following:
  - You can lose more funds than you deposit in your margin account.
  - The account custodian or clearing firm can force the sale of securities or other assets in your account.
  - The account custodian or clearing firm can sell your securities or other assets without contacting you.
  - You are not entitled to choose which securities or other assets in your margin account are liquidated or sold to meet a margin call.

- The account custodian or clearing firm can move securities held in your cash account to your margin account and pledge the transferred securities.
- The account custodian or clearing firm can increase its “house” maintenance margin requirements at any time and they are not required to provide you advance written notice.
- You are not entitled to an extension of time on a margin call.

#### ITEM 7 – CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

If you have selected TAMP services, we will forward to your selected TAMP the following information about you as a client:

- Your name and address and other means of contact;
- Your executed Advisory Agreement;
- Customer Profile Form or equivalent

If at any time, your contact information, risk tolerance, or objectives change, you must notify your IAR as soon as possible and complete updated paperwork, if necessary. Any updates will be forwarded to the applicable TAMP.

#### ITEM 8 – CLIENT CONTACT WITH PORTFOLIO MANAGERS

Clients are encouraged to interact and consult directly with their IARs whether they are acting as the portfolio manager or a TAMP is acting as portfolio manager. However, clients are free to contact and consult directly with the firm or the TAMP if the need arises.

#### ITEM 9 – ADDITIONAL INFORMATION

##### **Disciplinary Information**

First Heartland® Consultants, Inc. (FH Consultants) has the following disclosable disciplinary history.

In August 2021, without admitting or denying the SEC’s substantive findings, FH Consultants agreed to a settlement with the SEC with respect to FH Consultants’ recommendation of certain investment securities to its clients. Specifically, the SEC found that FH Consultants invested clients’ assets in and/or recommended certain mutual funds and money market funds without sufficient disclosure of the conflicts of interest relating to revenue sharing arrangements FH Consultants had with the sponsors of those funds. The SEC also found that FH Consultants failed to adequately disclose compensation received by its affiliated broker-dealer representing mark-ups of the fees charged by independent broker-dealers for services provided to FH Consultants’ advisory clients. In connection with these findings, the SEC also found that FH Consultants breached its duty to seek best execution for client transactions and that FH Consultants failed to adopt compliance policies reasonably designed to prevent violations of the Advisers Act. FH Consultants did take meaningful remedial actions in connection with the settlement offer accepted by the SEC. FH Consultants was censured and ordered to cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 206(4) of the Advisers Act and SEC Rule 206(4)-7 promulgated thereunder. FH Consultants was ordered to pay disgorgement of \$745,941.91 along with prejudgment interest of \$99,586.41 and a civil penalty of \$200,000 to affected investors totaling \$1,045,528.32. FH Consultants was also ordered to comply with several undertakings relating to the distribution of these amounts to affected clients.

For more information, clients should refer to the Investment Adviser Public Disclosure at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

Our Affiliated Broker-Dealer – First Heartland® Capital, Inc. (FH Capital)

FH Consultants is under common ownership with FH Capital which is a FINRA registered broker-dealer that provides securities services to FH Consultants clients. Please read the sub-section below, *Registered Representatives with Our Affiliated Broker-Dealer*, for details about this arrangement.



#### Registered Representatives with Our Affiliated Broker-Dealer

A majority of IARs are also registered representatives with FH Capital. You can work with your IAR in their separate capacity as a registered representative of FH Capital if they are appropriately licensed as such. When acting in their separate capacity as a registered representative, your IAR will sell to you, **for commissions**, general securities products such as stocks, bonds, unit investment trusts, options, CDs, mutual funds, exchange traded funds, and annuity and variable life products. As such, your IAR will suggest that you implement investment advice by purchasing securities products through a commission based account or the purchase of an insurance product in addition to or in lieu of, a wrap fee account. This receipt of commissions creates an incentive to recommend those products for which your IAR will receive a commission in their separate capacity as a registered representative of a broker-dealer. Consequently, the objectivity of the advice rendered to you is biased. This conflict is controlled by always basing investment recommendations on the individual needs of our clients.

You are under no obligation to use the services of your IAR in this separate capacity or to use FH Capital, and you can select any broker-dealer you wish to implement securities transactions. If you select your IAR to implement securities transactions outside of the wrap program, and your IAR is also a registered representative of FH Capital, you will direct that an account be opened through FH Capital. Prior to effecting any such transactions, you are required to enter into a new account agreement with FH Capital. The commissions and fees charged by FH Capital will be higher or lower than those charged by other broker-dealers.

If you chose to work with your IAR under a wrap fee program, regardless of whether or not your IAR is a registered representative of FH Capital, neither your IAR, nor FH Consultants, nor FH Capital will receive any 12(b)-1 fees or commissions on mutual funds or securities purchased in the Account during the time the Account is covered under the wrap fee program.

#### Our Affiliated Insurance Marketing Organization – Elite Partners, LLC

FH Consultants is under common ownership with Elite Partners, LLC, which is a life insurance marketing organization and wholesales insurance and annuity products to third-party insurance agents.

#### Our Affiliated Insurance Agency - First Heartland® Corporation

FH Consultants is under common ownership with First Heartland® Corporation, a licensed insurance agency. Your IAR may be licensed as an insurance agent with First Heartland® Corporation or another non-affiliated agency and if so licensed, have the ability to sell fixed life insurance, long term care insurance, disability insurance, and fixed annuities to you. In the event that you buy insurance or an annuity through your IAR in their separate capacity as an insurance agent, your IAR will receive separate and distinct compensation for the insurance or annuity sale. This receipt of commissions creates an incentive for your IAR to recommend those products to you for which he or she will receive a commission in their separate capacity as an insurance agent. Consequently, the advice rendered to you is biased. This conflict is controlled by always basing investment recommendations on the individual needs of our clients.

You are under no obligation to implement any insurance or annuity transaction through your IAR.

Your IAR has an incentive to utilize our affiliated companies to sell you investment and insurance products which carry commissions and as such, creates a conflict of interest. We have policies and procedures in place to mitigate the conflict inherent with affiliated entities.

#### Other Financial Institutions - Credit Unions

Certain IARs provide advisory and/or brokerage service on the premises of non-affiliated credit unions. FH Consultants and FH Capital have entered into agreements with certain credit unions to refer customers of the credit union to FH Consultants, FH Capital, and your IAR. In exchange for the referral, the provision of office space and telephone, and other administrative functions, FH Consultants and FH Capital share a portion of any commissions and/or advisory fees earned by your IAR with the credit union. It should be noted, however, that you are under no obligation to use the services of the IAR located at your credit union in any capacity.

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

FH Consultants has established a Code of Ethics that applies to all of its associated persons. As a fiduciary, it is an investment adviser's responsibility to provide full and fair disclosure of all material facts and to act solely in the best interest of each of our clients at all times. FH Consultants has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for our Code of Ethics which also covers our Insider Trading and Personal Securities Transactions Policies and Procedures. FH Consultants has the responsibility to make sure that the interests of all clients are placed ahead of FH Consultants' own investment interest. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to any services being conducted. FH Consultants will conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This section is intended to provide clients with a summary of FH Consultants' Code of Ethics. Clients will receive a complete copy of the Code of Ethics upon request.

FH Consultants or associated persons of the firm will, from time to time, buy or sell for their personal accounts investment products identical to those recommended to clients. This creates a conflict of interest. It is the express policy of FH Consultants that all persons associated in any manner with our firm must place clients' interests ahead of their own when implementing personal investments. FH Consultants and its associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry. We are now and will continue to be in compliance with applicable state and federal rules and regulations. To prevent conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our advisors, employees and their immediate family members (collectively, associated persons):

- Associated persons cannot prefer their own interests to those of the client.
- Associated persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Associated persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an "insider".
- Associated persons are discouraged from conducting frequent personal trading.
- Associated persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted by the Chief Compliance Officer of FH Consultants.

Any associated person not observing our policies is subject to sanctions up to and including termination.

You should understand that FH Consultants, FH Capital, and IARs will perform advisory and/or brokerage services for various other clients, and that FH Consultants, FH Capital and the IAR will give advice or take actions for those other clients that differ from the advice given to you. The timing or nature of any action taken for the Account(s) will also be different.

FH Consultants and IARs do not:

- buy/sell securities for FH Consultants or for themselves from clients or from inventory (principal transactions)
- transact purchases or sales of any client's securities directly to any other person (agency cross transaction)
- recommend securities or other investment products to clients in which FH Consultants, the IAR or another firm related to FH Consultants has a proprietary interest with the exception of recommending First Heartland® Portfolios on the First Heartland® Asset Strategies platform

### **Brokerage Practices**

Under our wrap program, you will direct that our affiliated entity, FH Capital, be used as the broker-dealer for your brokerage Account(s) custodied at Pershing, a qualified custodian. As discussed above, your IAR may also be affiliated with FH Capital. You acknowledge that such direction could result in best execution **not** being obtained and will cost you more or less money than if you used a different broker-dealer or custodian.

FH Consultants believes that it can recommend FH Capital in view of the broad range of products offered and the level of service provided. Clients should consider that the fees and expenses that FH Capital normally charges will be higher or lower than those available through other broker-dealers for essentially the same services. Please note that in such an arrangement there is a conflict of interest. Please refer to Form CRS and the FHC® Compensation/Conflicts of Interest Disclosure at [www.firstheartland.com/disclosures](http://www.firstheartland.com/disclosures). Form CRS and the FHC® Compensation/Conflicts of Interest Disclosure are provided to you whenever an Account(s) is opened with our affiliated broker-dealer. All other fees and expenses that will be charged to Clients with Accounts under our wrap fee program **are separate and distinct from the wrap fee** and will be paid to Pershing. None of the brokerage or custody fees assessed are retained by FH Consultants, FH Capital, or your IAR.

Best execution does not necessarily mean that clients receive the lowest possible costs but that the qualitative execution is best. In other words, all conditions considered, the transaction execution is in your best interest. When considering best execution, we look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with our existing systems, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back office services, technology and pricing of services offered.

In connection with TAMP programs, the TAMP sponsor may require that clients direct brokerage to another broker-dealer, including the TAMP sponsor or a broker-dealer affiliated with the TAMP sponsor. For more information about the brokerage practices of a TAMP sponsor, clients should refer to the Disclosure Brochure for the applicable TAMP.

### **Investment Discretion**

When providing asset management services, FH Consultants and your IAR maintain trading authorization over your Account and provide services on a discretionary basis. When discretionary authority is granted, we have the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction. However, having discretionary authority does not restrict your IAR from consulting with you prior to making changes in the Account even though they are not required to do so.

You will have the ability to place reasonable restrictions on the types of investments that can be purchased or sold in your Account.

Depending on the TAMP service provider, you will authorize the third-party investment adviser to purchase and sell securities on a discretionary basis. This authorization will be set out in the TAMP client agreement. With the exception of SEI and PCA, neither FH Consultants nor your IAR will have discretionary authority to purchase and sell securities with respect to TAMP services, however, FH Consultants and your IAR may have discretionary authority to change allocations within the TAMP platform. Any such authorization will be set out in the TAMP

client agreement. With respect to SEI, your IAR has discretionary authority to sell securities but not to buy securities.

### **Custody**

Custody, as it applies to investment advisers, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

FH Consultants is deemed to have custody of client funds and securities whenever FH Consultants is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody that FH Consultants permits. It should be noted that authorization to trade in client accounts with discretion is not deemed to constitute custody by regulators.

For accounts in which FH Consultants is deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. You or your independent legal representative will direct, in writing, the establishment of all accounts and therefore, you will be aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to you, or your independent legal representative, at least quarterly.

You should carefully review those statements and are urged to compare the statements against reports received from your IAR. You are urged to contact FH Consultants or FH Capital immediately if you receive reports from your IAR that differ substantially from your custodial account statements. When clients have questions about their account statements, they should contact the qualified custodian preparing the statement.

Annually, FH Consultants undergoes a surprise exam by an independent accountant to verify client assets for which it is deemed to have custody.

### **Soft Dollar Benefits**

An investment adviser receives soft dollar benefits from a broker-dealer when the investment adviser receives research or other products and services in exchange for client securities transactions or maintaining an account balance with the broker-dealer. FH Consultants does not have a soft dollar agreement with a broker-dealer or third party.

### **Handling Trade Errors**

Alongside our affiliated broker-dealer FH Capital, FH Consultants has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of FH Consultants to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client is responsible for any loss resulting from the correction. In all situations where the client does not cause the trade error, for example with discretionary trades, the client is made whole and any loss resulting from the trade error is absorbed by our FH Capital and/or the IAR responsible for the error. FH Capital will retain any trade error gains. Neither FH Consultants nor your IAR will benefit or profit from trade errors.

### **Block Trading Policy**

Your IAR has the option to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading. If and when your IAR aggregates client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to allocate orders among clients on a more equitable basis in order to avoid differences in prices that might be obtained when orders are placed independently.

The block trading platform utilizes the average price allocation method for transaction allocation. Under this method the average price for each transaction included in a block order is calculated and then the average price is assigned to each allocated transaction executed for the client's account.

If and when your IAR determines to aggregate client orders for the purchase or sale of securities, including securities in which FH Consultants or our associated persons may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, SMC Capital, Inc. (Sept. 5, 1995). Neither we nor our associated persons receive any additional compensation as a result of block trades.

Your IAR can determine not to aggregate transactions, for example, based on the size of the trades, the number of client accounts, the timing of the trades, and the liquidity of the securities. If your IAR does not aggregate orders, you will receive a more or less favorable price than other clients. This means that the practice of not aggregating will cost you more or less money.

### **Agency Cross Transactions**

IARs are prohibited from engaging in agency cross transactions, meaning they cannot act as brokers for both the sale and purchase of a single security between two different clients and cannot receive compensation in the form of an agency cross commission or principal mark-up for the trades.

### **Principal Trades**

A principal trade is a type of order carried out by a broker-dealer that involves the broker-dealer buying or selling from its own account and at its own risk, as opposed to carrying out trades through another broker-dealer. FH Capital is not a clearing broker-dealer, does not maintain an inventory in any securities, and therefore, does not conduct traditional principal trades; however, when certain client orders for FH Consultants' wrap accounts are received, FH Capital will execute the order on a traditional agency basis or riskless principal basis and no additional compensation or commissions will be charged on the transaction.

### **Reviews of Accounts**

Accounts managed under the wrap program are reviewed on an ongoing basis by your IAR. Your IAR will review your account on at least an annual basis. While the calendar is the main triggering factor, reviews can also be conducted at your request. Account reviews will include an investment strategy and objective review to determine whether any changes are necessary.

For our asset management services, you are provided with transaction confirmation notices and regular quarterly account statements directly from the qualified custodian. In addition, and depending on the services provided, your IAR will provide you with performance reports or other types of reports detailing your holdings, positions, etc. at your IAR's discretion. Whether performance or other reports by TAMP sponsors are provided to you will depend upon the particular TAMP sponsor.

You are encouraged to always compare any reports or statements provided by us, your IAR, or a TAMP against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact your qualified custodian.

### **Client Referrals and Other Compensation**

Our affiliated broker-dealer, FH Capital receives ongoing compensation from non-affiliated third party registered advisory firms for the past referral of clients, also known as "solicitors fees". FH Capital no longer makes referrals under solicitation arrangements and only receives solicitors fees from previously referred clients. Solicitors fees are shared with your IAR. Some of the clients for which FH Capital and your IAR receives solicitors fees are also clients of the firm and are charged a wrap fee. Please note, that no single Account is charged both a wrap fee and a solicitors fee.

FH Consultants, FH Capital and your IAR will receive expense reimbursements for travel and marketing expenses from distributors of investment and insurance products. Travel expense reimbursements are typically a result of

attendance at due diligence or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors underwrite costs incurred for marketing such as client appreciation events, advertising, publishing, and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for which sales have been made or for which it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interest of our clients. For all conflicts listed above, we attempt to control for these conflicts by always basing investment recommendations on the individual needs of our clients.

FH Consultants, FH Capital, and your IAR will also receive additional compensation from product sponsors. Compensation includes such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event. Product sponsors also pay for, or reimburse FH Consultants and FH Capital for the costs associated with education or training events that are attended by FH Consultants' employees and IARs and for FH Consultants and FH Capital sponsored conferences and events. This conflict is controlled by always basing investment recommendations on the individual needs of our clients.

In addition, your IAR will receive compensation in the form of incentive awards and trips based upon overall production from FH Consultants, FH Capital, and First Heartland® Corporation, an affiliated insurance agency. The receipt of, or the potential to receive, these awards and trips, will affect your IAR's judgment in selecting products sold to you, thereby creating a conflict of interest. This conflict is controlled by always basing investment recommendations on the individual needs of our clients.

If your IAR recommends a TAMP program to you, your IAR will receive compensation as a result of your participation in the program. This compensation includes a portion of the wrap fee and includes other compensation as noted above. The amount of this compensation will be more or less than what your IAR would receive if you participated in a different FH Consultants program, programs of other investment advisers or paid separately for investment advice, brokerage and other client services. Therefore, your IAR has a financial incentive to recommend a TAMP program account over other programs and services. This conflict is controlled by always basing investment recommendations on the individual needs of our clients.

If your IAR recommends personalized asset management services to you, your IAR will receive compensation as a result of your participation in the program. This compensation includes a portion of the wrap fee and includes other compensation as noted above. The amount of this compensation will be more or less than what your IAR would receive if you participated in a different FH Consultants program, programs of other investment advisers or paid separately for investment advice, brokerage and other client services. Therefore, your IAR has a financial incentive to recommend personalized asset management services over other programs and services. This conflict is controlled by always basing investment recommendations on the individual needs of our clients.

### **Proxies/Class Actions**

FH Consultants and IARs do not vote proxies on behalf of Clients. Therefore, it is your responsibility to vote all proxies for securities held in your Account.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy voting documents and make a determination based on the information provided. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact your IAR. However, you will have the ultimate responsibility for making all proxy voting decisions.

With respect to TAMP services, we will not vote the proxies associated with these assets. You will need to refer to each TAMP's disclosure Brochure to determine whether the TAMP will vote proxies on your behalf. You can request a complete copy of the TAMP's proxy voting policies and procedures as well as information

on how your proxies were voted by contacting the TAMP or by contacting FH Consultants at the address or phone number indicated on Page 1 of this disclosure document.

You retain the right under applicable securities laws to initiate a lawsuit individually or join a class action lawsuit against the issuer of a security that was held, purchased or sold by or for you. FH Consultants and your IAR will not initiate such a legal proceeding on behalf of clients and will not provide legal advice to clients regarding potential causes of action against such a security issuer, or whether or not the client should join a class action lawsuit. We recommend that you seek legal counsel prior to making a decision regarding whether to participate in or initiate any such lawsuit. Moreover, our services do not include monitoring or informing you of any potential or actual class action lawsuits against the issuers of the securities that were held, purchased or sold by or for you.

**Financial Information**

FH Consultants does not require any client to prepay an advisory fee of \$1,200 or more, 6 or more months in advance for advisory services.

FH Consultants is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over client accounts.

FH Consultants has not been the subject of a bankruptcy petition.