

**Item 1:       Cover Sheet**

**INFORMATIONAL BROCHURE**

**HOULIHAN FINANCIAL RESOURCE GROUP, LTD.**

20405 Exchange Street, Suite 371  
Ashburn, VA 20147  
[www.houlihanfinancial.com](http://www.houlihanfinancial.com)

Ryan Houlihan  
703-796-0800

**March 28, 2024**

**This brochure provides information about the qualifications and business practices of Houlihan Financial Resource Group, Ltd. If you have any questions about the contents of this brochure, please contact us at 703-796-0800 or via email at [ryan@houlihanfinancial.com](mailto:ryan@houlihanfinancial.com). 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. Registration as an investment adviser does not imply any certain level of skill or training.**

**Additional information about Houlihan Financial Resource Group, Ltd. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2:           Statement of Material Changes**

Houlihan Financial Resource Group, Ltd. is required to disclose any material changes to this ADV Part 2A here in Item 2. Since the last filing of the ADV Part 2A as of March 24, 2023, there are no material changes to be reported.

**Item 3: Table of Contents**

**Table of Contents**

Item 1:	Cover Sheet.....	1
Item 2:	Statement of Material Changes .....	2
Item 3:	Table of Contents .....	3
Item 4:	Advisory Business.....	4
Item 5:	Fees and Compensation.....	5
Item 6:	Performance Based Fees .....	6
Item 7:	Types of Clients .....	6
Item 8:	Methods of Analysis, Investment Strategies and Risk of Loss .....	7
Item 9:	Disciplinary Information.....	11
Item 10:	Other Financial Industry Activities and Affiliations.....	11
Item 11:	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	12
Item 12:	Brokerage Practices.....	12
Item 13:	Review of Accounts .....	15
Item 14:	Client Referrals and Other Compensation .....	15
Item 15:	Custody .....	15
Item 17:	Voting Client Securities .....	16
Item 18:	Financial Information.....	16

## INFORMATIONAL BROCHURE

### HOULIHAN FINANCIAL RESOURCE GROUP, LTD.

#### **Item 4:        Advisory Business**

After years of experience in the asset management industry, Patricia P. Houlihan formed Houlihan Financial Resource Group, Ltd. (“Houlihan”) in 1999. Houlihan Financial Resource Group, Ltd. is owned by both Patricia and Ryan Houlihan. As of 2022, the team at Houlihan Financial Resource Group, Ltd. has collectively been in the business of providing investment advice to clients for over 75 years.

Houlihan provides personalized financial planning and/or investment management services. Clients advised may include individuals, trusts, foundations, pensions and corporations.

#### Financial Planning

Houlihan believes that any asset management service performed without an understanding of a client’s needs, goals and current circumstances will not provide value for the client. Houlihan gathers information from clients regarding financial circumstances and goals which is evaluated by Houlihan to create a plan that the firm believes is best suited to meet the client’s financial goals.

The plan is intended to be a suggested blueprint for a specific client. Because the plan is based on information supplied by the client, it is very important that clients accurately and completely communicate the information requested by the firm. Also, as personal circumstances change, clients should continually update Houlihan with any changes so that the firm may evaluate whether changes in circumstances warrant changes in the way services are provided to that client, including asset allocation changes.

Not all financial planning services result in the preparation of a comprehensive stand-alone financial plan. Rather, the planning process with Houlihan is more typically an ongoing process, integrated into the asset management services each client receives.

#### Asset Management

Houlihan requires each client seeking investment management services to place at least \$1,000,000 with the firm, subject to the ability of the firm to waive this requirement.

Clients engaging Houlihan to provide asset management services will work with the firm to establish investment objectives and guidelines, through which asset allocations are determined.

Asset management services are provided on a “discretionary” basis. When Houlihan is engaged to provide asset management services on a discretionary basis, accounts are monitored to ensure that they are meeting the client’s asset allocation requirements. If any changes are needed, the firm will make the changes. These changes may involve selling a security or group of investments and buying others or

keeping the proceeds in cash. Clients may at any time place reasonable restrictions on the types of investments in a portfolio, or on the allocations to each security type. Clients engaging the firm on a discretionary basis will be asked to execute a Limited Power of Attorney (granting the firm the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and Houlihan.

For clients and their younger family members new to the investing space or with limited assets, Houlihan provides portfolio management services through an investment service called Institutional Intelligent Portfolios™, an automated, online investment management platform for use by independent investment advisors offered by Schwab Performance Technologies (the “Program” and “SPT,” respectively). The minimum investment required to open an account in the Institutional Intelligent Portfolios Program is \$5,000, therefore enabling certain clients to begin a formal investment program. Please refer to Item 12 for more information.

As of March 6, 2024, Houlihan Financial Resource Group, Ltd. managed \$322,419,429 in assets under management for 570 accounts, all of which are managed on a discretionary basis.

## **Item 5: Fees and Compensation**

### **A. Fees Charged**

All investment management clients will be required to execute an Investment Management Agreement that will describe the type of management services to be provided and the fees, among other items.

As discussed above in Item 4, most financial planning is performed in conjunction with asset management services. However, for clients receiving stand-alone financial planning services, financial planning fees are on an hourly basis. Fees range from \$125 per hour to \$400 per hour, depending upon the staff member performing the work. Lower cost staff members will be utilized when appropriate. While multi-year projections and summaries may be appropriate in some cases, services, unless agreed to otherwise, are project-oriented, generated upon client request and, therefore are not continuous. Agreements for financial planning services terminate on presentation of the financial plan, and therefore any updates can be provided for a fee upon request. Clients should be aware that any changes to their circumstances can change the appropriateness of their financial plan, and so HFRG should be made aware of these changes as soon as practicable so the plan may be properly updated.

### **B. Fee Payment**

Fees for financial planning will be billed to each client unless the client engages HFRG for asset management services. When a client engages HFRG for asset management services the financial planning fee is waived. Fees for asset management will be deducted directly from each client’s account. The management fee generally ranges from 0.50% to 1.00% per annum. Fees are paid quarterly, in advance. This means that if the annual fee is 1.00%, then each quarter the firm will multiply the value of the account by 1.00% then divide by 4 to calculate the fee. Once the calculation is made, the firm will instruct the account custodian to deduct the fee from the account and remit it to Houlihan. When cash is deemed an asset allocation for investment purposes, it will be included in the asset values used to determine fees.

for the given billing period.

#### C. Other Fees

There are a number of other fees that can be associated with holding and investing in securities. Clients will be responsible for fees including transaction fees for the purchase or sale of a mutual fund or Exchange Traded Fund, or commissions for the purchase or sale of a stock. Expenses of a fund will not be included in management fees, as they are deducted from the value of the shares by the mutual fund manager. For complete discussion of expenses related to each mutual fund or ETF clients should read a copy of the prospectus issued by that fund. Houlihan can provide or direct clients to a copy of the prospectus for any fund that we recommend. When recommending mutual funds that have multiple share classes, Houlihan will take into account the internal fees and expenses associated with each share class, and select the most cost effective share class that still meets the client's needs and objectives and is available to the client.

Client do not pay fees to SPT or brokerage commissions or other fees to CS&Co as part of the Program. Schwab does receive other revenues in connection with the Program. Brokerage arrangements are further described in Item 12 below.

Please make sure to read Item 10 of this informational brochure, where we discuss broker-dealer and custodial issues.

#### D. *Pro-rata* Fees

If a client becomes a client during a quarter, that client will pay a management fee for the number of days left in that quarter. If the client terminates the relationship during a quarter, the client will be charged a management fee for only that portion of the quarter in which the client remained a client, and the remainder will be refunded to the account. Once the notice of termination is received, the firm will charge the fee through the date of transfer of the assets).

#### E. Compensation for the Sale of Securities.

Neither Houlihan nor any of its professionals receive any additional compensation related to the sale of securities on behalf of the firm's clients.

### **Item 6: Performance Based Fees**

Fees will not be based upon a share of capital gains or capital appreciation of accounts (otherwise known as "performance based fees").

### **Item 7: Types of Clients**

Clients advised may include individuals, trusts, foundations, pensions and corporations. Houlihan requires each client seeking investment management services to place at least \$1,000,000 with the firm, subject to the ability of the firm to waive this requirement.

Additionally, the minimum investment required to open an account in the Institutional Intelligent

Portfolios Program is \$5,000. The minimum account balance to enroll in the tax-loss harvesting feature is \$50,000. Clients eligible to enroll in the Program include individuals, IRAs, and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for the Program.

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

It is important for clients to know and remember that all investments carry risks.

Each client's portfolio will be invested according to that client's investment objectives. We determine these objectives by interviewing the client and/or asking the client to put these objectives in writing. Once we ascertain objectives for each account, we will develop a set of asset allocation guidelines. An asset allocation is a percentage-based allocation to different investment types. For example, a client may have an asset allocation strategy that calls for 40-60% of the portfolio to be invested in equity, and the rest in fixed income. Another client may have an asset allocation of 50- 60% in fixed income, and the remainder in equity. The percentages that we recommend are based on the client's investment objectives and the typical behavior of that security type (generally, equities or fixed income).

Once the asset allocation guidelines are determined, each side of the client portfolio (equity, fixed income) is allocated to one or more of our five investment programs, each with a different focus. All investment programs may utilize individual issuer securities, exchange traded funds, or mutual funds:

### *Equities*

**Core Equity:** The Core Equity investment program includes a range of domestic equities as well as some international equities, where deemed appropriate. Domestic equities may be of various market caps. The Core Equity allocation is intended to give portfolios a broad exposure to the equity markets.

**Core Satellite:** The Core Satellite investment program is comprised of securities which HFRG believes will provide some more targeted equity exposure, whether it be in issues that are likely to provide dividends or those with specific sector targets.

**Strategic Satellite:** This investment program is designed to be tactical in nature, in that the composition of the program will vary according to HFRG's view of what may be appropriate for additional specific exposure in the current environment.

### *Fixed Income*

**Core Fixed Income:** This investment program is the corollary to the Core Equity investment program, in that it is intended to provide a broad array of fixed income exposure, whether through mutual funds with short or intermediate duration, municipal bonds, or individual bonds.

**Core Satellite:** This investment program brings more specificity to the fixed income side of a portfolio, with the potential inclusion of high yield bonds, international fixed income, or strategic income funds.

## *Cash and Cash Equivalents*

When market conditions warrant, Houlihan may allocate a portion of a client account to cash.

When HFRG makes changes to an investment program, these changes may not be made simultaneously. Rather, some accounts may be modified before others. This may result in accounts being traded earlier inadvertently having an advantage (or disadvantage) over accounts traded later. The investment programs are not investment products, but shorthand descriptions for categories HFRG uses for operational efficiency and to more effectively communicate with clients the goals of specific subsets of a client's portfolio. Clients may have different needs than others within the same investment program. Accordingly, not all clients in each investment program will have the exact same percentages of each underlying investment.

Because the investment strategy for each client is based on that client's personal situation and financial goals, any client's asset allocation guidelines may be similar to or different from another client's. Once asset allocation guidelines are determined, Houlihan will buy or sell securities in the portfolio to meet the guidelines of the asset allocation strategy. It is important to remember that because market conditions can vary greatly, asset allocation guidelines are not necessarily strict rules. Rather, market conditions and client circumstances may direct that the firm deviate from guidelines to meet a client's investment objectives.

The specific securities recommended for an account will depend on market conditions and research at the time. Generally, Houlihan recommends a mix of mutual funds, stocks, bonds, exchange traded funds, and at times, cash or cash equivalents. Securities are evaluated on a fundamental basis, which means that the firm reviews what the firm believes the value of the security is, and what that value is likely to be in the future. Conclusions are based on predominantly publicly available research, such as corporate filings, press releases, competitor analyses, and in some cases research received from custodians or other market analyses. Houlihan will also occasionally utilize technical analyses, which means that the past behaviors of the security and the markets in which it trades are reviewed for signals as to what might happen in the future. Houlihan also incorporates behavioral finance, which is a theory that integrates the psychology of the investor and other investors in the marketplace into investment decisions.

## **Risk of Loss**

There are always risks to investing. **All investing carries a risk of loss, including the loss of principal that all clients should be prepared to bear.** It is impossible to name all possible types of risks. Among the risks are the following:

- Political Risks. Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- General Market Risks. Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason, and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- Currency Risk. When investing in another country using another currency, the changes in the value of the currency can change the value of a security in a portfolio.



- Regulatory Risk. Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- Purchasing Power Risk. Purchasing power risk is the risk that an investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- Business Risk. This can be thought of as certainty or uncertainty of income. Management comes under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.
- Financial Risk. The amount of debt or leverage determines the financial risk of a company.
- Default Risk. This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.
- Information Risk. All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Even an adviser who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the adviser to reach satisfactory investment conclusions.
- Small Companies. Some investment opportunities in the marketplace involve smaller issuers. These companies may be starting up, or are historically small. While these companies sometimes have potential for outsized returns, they also have the potential for losses because the reasons the company is small are also risks to the company's future. For example, a company's management may lack experience, or the company's capital for growth may be restricted. These small companies also tend to trade less frequently than larger companies, which can add to the risks associated with their securities because the ability to sell them at an appropriate price may be limited as compared to the markets as a whole. Not only do these companies have investment risk, if a client is invested in such small companies and requests immediate or short term liquidity, these securities may require a significant discount to value in order to be sold in a shorter time frame.
- Concentration Risk. While Houlihan selects individual securities, including mutual funds, for client portfolios based on an individualized assessment of each security, this evaluation comes without an overlay of general economic or sector specific issue analysis. This means that a client's equity portfolio may be concentrated in a specific sector, geography, or sub-sector (among other types of potential concentrations), so that if an unexpected event occurs that affects that specific sector or geography, for example, the client's equity portfolio may be affected negatively, including significant losses.
- Transition Risk. As assets are transitioned from a client's prior advisers to Houlihan 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 Houlihan. 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 Houlihan may adversely affect the client's account values, as Houlihan's recommendations may not be able to be fully implemented.

- Restriction Risk. Clients may at all times place reasonable restrictions on the management of their accounts. However, placing these restrictions may make managing the accounts more difficult, thus lowering the potential for returns.
- Risks Related to Investment Term & Liquidity. Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If a client requires us to liquidate all or a portion of a portfolio during one of these periods, that client will not realize as much value as the client would have had the investment had the opportunity to regain its value. Further, some investments are made with the intention of the investment appreciating over an extended period of time. Liquidating these investments prior to their intended time horizon may result in losses.
- 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.
- Margin Risk. "Margin" is a tool used to maximize returns on a given investment by using securities in a client account as collateral for a loan from the custodian to the client. The proceeds of that loan are then used to buy more securities. In a positive result, the additional securities provide additional return on the same initial investment. In a negative result, the additional securities provide additional losses. Margin therefore carries a higher degree of risk than investing without margin. Any client account that will use margin will do so in accordance with Regulation T. Houlihan may utilize margin on a limited basis for clients with higher risk tolerances.
- MLPs. Houlihan may recommend that portions of client portfolios be allocated to master limited partnerships, otherwise known as "MLPs". An MLP is a publicly traded entity that is designed to provide tax benefits for the investor. In order to preserve these benefits, the MLP must derive most, if not all, of its income from real estate, natural resources and commodities. While MLPs may add diversification and tax favored treatment to a client's portfolio, they also carry significant risks beyond more traditional investments such as stocks, bonds and mutual funds. One such risk is management risk-the success of the MLP is dependent upon the manager's experience and judgment in selecting investments for the MLP. Another risk is the governance structure, which means the rules under which the entity is run. The investors are the limited partners of the MLP, with an affiliate of the manager typically the general partner. This means the manager has all of the control in running the entity, as opposed to an equity investment where shareholders vote on such matters as board composition. There is also a significant amount of risk with the underlying real estate, resources, or commodities investments. Clients should ask Houlihan any questions regarding the role of MLPs in their portfolio.
- REITs. In very limited circumstances, Houlihan may recommend that portions of client portfolios be allocated to real estate investment trusts, otherwise known as "REITs". A REIT is an entity, typically a trust or corporation, that accepts investments from a number of investors, pools the money, and then uses that money to invest in real estate through either actual property purchases or mortgage loans. While there are some benefits to owning REITs, which include potential tax benefits, income and the relatively low barrier to invest in real estate as compared to directly investing in real estate, REITs also have some increased risks as compared to more traditional investments such as stocks, bonds, and mutual funds.

First, real estate investing can be highly volatile. Second, the specific REIT chosen may have a focus such as commercial real estate or real estate in a given location. Such investment focus can be beneficial if the properties are successful, but lose significant principal if the properties are not successful. REITs may also employ significant leverage for the purpose of purchasing more investments with fewer investment dollars, which can enhance returns but also enhances the risk of loss. The success of a REIT is highly dependent upon the manager of the REIT. Clients should ensure they understand the role of the REIT in their portfolio.

- International Investing. Investing outside of the United States, especially in emerging markets, can have special or enhanced risks. The most obvious are political risk (changes in local politics can have a vast impact on the markets in that country as well as regulations affecting given issuers) and currency risk (changes in exchange rates between the dollar and the local denominations can materially affect the value of the security even if the underlying fundamentals and market price are stagnant). There are other risks, including enhanced liquidity risk, meaning that while domestic equities and mutual funds are generally easily liquidated (though there may be a risk of loss due to the timing of the sale), equities in other jurisdictions may be subject to the circumstances of lower overall market volume and fewer companies on an emerging exchange. In addition, there may be less information and less transparency in a foreign market or from a foreign company. Foreign markets impose different rules than domestic markets, which may not be to an investor's advantage. Also, companies in foreign jurisdictions are generally able to avail themselves of local laws and venues, meaning that legal remedies for U.S. investors may not be as easily obtained as in the U.S.
- Excess Cash Balance Risk. Client accounts may have cash balances in excess of \$250,000, which is the insurance limit of the Federal Deposit Insurance Corporation. For cash balances in excess of that amount, there is an enhanced risk that operation related counterparty risk related to the account custodian could cause losses in the account. We mitigate this risk by carrying cash balances in amounts either subject to protection or as limited as you, the client, directs. You may elect to participate in a “cash sweep” program through your account custodian which automatically moves excess cash from your investment account into a cash account and then invests that cash into cash based investments, such as money market funds. We do not receive compensation of any kinds for facilitating your participation in such cash sweep accounts.

**Item 9:       Disciplinary Information**

There are no disciplinary items to report.

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

A.       Broker-dealer

Neither Houlihan nor any of its employees is registered or has a registration pending as a broker- dealer.

B.       Futures Commission Merchant/Commodity Trading Advisor

Neither the principal of Houlihan, nor any related persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

C.       Relationship with Related Persons

Houlihan does not have any material relationships to this advisory business that would present a possible conflict of interest.

D. Recommendations of other Advisers

Houlihan does not utilize nor select other advisers or third party managers. All assets are managed by Houlihan management.

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

A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.

B. Not applicable. Houlihan does not recommend to clients that they invest in any security in which Houlihan or any principal thereof has any financial interest.

C. On occasion, an employee of Houlihan may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades are reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

D. On occasion, an employee of Houlihan may purchase for his or her own account securities which are also recommended for clients at the same time the clients purchase the securities. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades are reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

**Item 12: Brokerage Practices**

A. Recommendation of Broker-Dealer

Houlihan recommends that investment accounts be held in custody by Fidelity Institutional Brokerage Group ("Fidelity") and/or Schwab Advisor Services ("Schwab"). Schwab and Fidelity offer enhanced services to independent investment advisors. These services include custody of securities, trade execution platforms, and access to research not available to the general public. Both Schwab and Fidelity are wholly independent from Houlihan. It is expected that most, if not all, transactions in a given client account will be cleared through the custodian of that account in its capacity as a broker-dealer.

Houlihan has chosen to recommend Schwab and Fidelity to its clients based on a variety of factors. These include, but are not limited to, commission costs. Both Schwab and Fidelity have what can be considered discounted commission rates. However, in choosing a broker-dealer or custodian to recommend, we are most concerned with the value the client receives for the cost paid, not just the cost. Schwab and Fidelity add value beyond commission cost. Other factors that may be considered in determining overall value include speed and accuracy of execution, financial strength, knowledge and experience of staff, research and service. Schwab and Fidelity also have arrangements with many mutual funds that enable us to purchase these mutual funds for client accounts at reduced transaction charges (as opposed to other broker-dealers). Schwab and Fidelity have very high market shares of the investment adviser business which makes them the most experienced in matters likely to arise for our clients. Houlihan re-evaluates the use of Schwab and Fidelity at least annually to determine if they are still the best value for our clients.

#### *Asset Management – Institutional Intelligent Portfolios™ Program*

Houlihan has recognized certain clients and their younger family members new to the investing space or with limited assets need an alternative to their traditional asset management methodology and program. For these clients and their families, Houlihan will provide portfolio management services through an investment service called Institutional Intelligent Portfolios™, an automated, online investment management platform for use by independent investment advisors offered by Schwab Performance Technologies (the “Program” and “SPT,” respectively). Through the Program, Houlihan will offer clients a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange traded funds (“ETFs”) and a cash allocation. The client’s portfolio is held in a brokerage account opened by the client at SPT’s affiliate, Charles Schwab & Co., Inc. (“CS&Co”). We are independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co or their affiliates (together, “Schwab”). The minimum investment required to open an account in the Institutional Intelligent Portfolios Program is \$5,000, therefore enabling certain clients to begin a formal investment program.

We, and not Schwab, are the client’s investment advisor and primary point of contact with respect to the Program. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client’s investment needs and goals, and managing that portfolio on an ongoing basis.

We have contracted with SPT to provide us with the technology platform and related trading and account management services for the Program. This platform enables us to make the Program available to clients online and includes a system that automates certain key parts of our investment process (the “System”). The System includes an online questionnaire that helps us determine the client’s investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that we will recommend a portfolio via the System in response to the client’s answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but we then make the final decision and select a portfolio based on all the information we have about the client. The System also includes an automated investment engine through which we manage the client’s portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

Clients do not pay fees to SPT in connection with the Program, but we charge clients a fee for our services

as described in Item 5 Fees and Compensation. Our fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co as part of the Program. Schwab does receive other revenues in connection with the Program.

We do not pay SPT fees for the Platform so long as we maintain \$100 million in client assets in accounts at CS&Co that are not enrolled in the Program. If we do not meet this condition, then we pay SPT an annual licensing fee of 0.10% (10 basis points) on the value of our clients' assets in the Program. This fee arrangement gives us an incentive to recommend or require that our clients with accounts not enrolled in the Program be maintained with CS&Co.

#### *Schwab Institutional Intelligent Portfolios Platform*

As mentioned Houlihan Resource Financial Group is independently owned and operated and is not affiliated with Schwab.

For any accounts in the Institutional Intelligent Portfolios Platform Schwab will hold your assets in a brokerage account and buy and sell securities when Houlihan instructs them to, which Houlihan does in accordance with its agreement with you. While Houlihan recommends that you use CS&Co. as custodian/broker, you will decide whether to do so and will open your account with CS&Co. by entering into an account agreement directly with them. Houlihan does not open the account for you, although Houlihan may assist you in doing so. For accounts not managed through the Program, even though your account is maintained at CS&Co., we can still use other brokers to execute trades for your account as described below (see "Your brokerage and custody costs").

If you do not wish to place your assets with CS&Co, then we cannot manage your account through the Program. CS&Co may aggregate purchase and sale orders for ETFs across accounts enrolled in the Program, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Program.

#### **Your brokerage and custody costs**

For our clients' accounts that are not managed through the Institutional Intelligent Platform and 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. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute trades for your account. 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.

We do not consider whether Schwab, Fidelity or any other broker-dealer/custodian, refers clients to Houlihan as part of our evaluation of these broker-dealers.

We do not routinely recommend, request or require that a client direct us to execute trades through a

specified broker-dealer.

#### **B. Aggregating Trades**

Commission costs per client may be lower on a particular trade if all clients in whose accounts the trade is to be made are executed at the same time. This is called aggregating trades. Instead of placing a number of trades for the same security for each account, we will, when appropriate, execute one trade for all accounts and then allocate the trades to each account after execution. If an aggregate trade is not fully executed, the securities will be allocated to client accounts on a *pro rata* basis, except where doing so would create an unintended adverse consequence (For example,  $\frac{1}{4}$  of a share, or a position in the account or less than 1%.)

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

All accounts will be reviewed by one of HFRG's licensed professionals on a continuous basis. While formal reviews are conducted at least annually, it is expected that market conditions, changes in a particular client's account, or changes to a client's circumstances will trigger a review of an account. All clients will receive a quarterly report from Houlihan.

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

Houlihan does not currently compensate any other person for referring clients to Houlihan. If this ever were to change, any client who was referred by a person receiving compensation from us would be made aware of the compensation, and any additional registration requirements would be addressed.

### **Item 15: Custody**

There are two avenues through which Houlihan has custody of client funds; by directly debiting its fees from client accounts pursuant to applicable agreements granting such right, and potentially by permitting clients to issue standing letters of authorization ("SLOAs"). SLOAs permit a client to issue one document that directs Houlihan to make distributions out of the client's account(s).

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. Each quarter, clients will receive a bill itemizing the fees to be debited, including the formula used to calculate the fee, the amount of assets the fee is based, and the time period covered by the fee. The invoice will also state that the fee was not independently calculated by the custodian. The client will also receive a statement from their account custodian showing all transactions in their account, including the fee. This is the case for accounts in the Institutional Intelligent Portfolios Platform as well.

We encourage clients to carefully review the statements and confirmations sent to them by their custodian, and to compare the information on the quarterly reports prepared by Houlihan against the information in the statements provided directly from Fidelity and Schwab. Please alert us of any discrepancies.

In addition to the account custodian's custody procedures, Houlihan will maintain records confirming

that the accounts to which funds are distributed are parties unrelated to Houlihan.

**Item 16: Investment Discretion**

Please see Item 4 for a discussion of investment discretion.

**Item 17: Voting Client Securities**

Copies of our Proxy Voting Policies are available upon request.

From time to time, shareholders of stocks, mutual funds, exchange traded funds or other securities may be permitted to vote on various types of corporate actions. Examples of these actions include mergers, tender offers, or board elections. Clients are required to vote proxies related to their investments, or to choose not to vote their proxies. Houlihan will not accept authority to vote client securities. Clients will receive their proxies directly from the custodian for the client account. Houlihan will not give clients advice on how to vote proxies.

**Item 18: Financial Information**

Houlihan does not require the prepayment of fees more than six (6) months or more in advance and therefore has not provided a balance sheet with this brochure.

Houlihan has discretion over some client accounts. There are no material financial circumstances or conditions that would reasonably be expected to impair our ability to meet our contractual obligations to our clients.