



Herbert J. Sims Capital Management, Inc.

Wrap Fee Program Brochure HJ Sims Managed Portfolio Program (“MPP”)

CRD No. 134510

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This Wrap Fee brochure provides information about the qualifications and business practices of Herbert J. Sims Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at (800) 527-6425 or info@hjsims.com.

This information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Herbert J. Sims Capital Management, Inc. is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Summary Material Changes

The following summarizes the material changes to the Wrap Fee Program Brochure since the last version of this Brochure dated June 30, 2023:

- Item 5 Account Requirements and Types of Clients
 - Changed minimum account size requirement for MPP accounts from \$25,000 to \$50,000
- Item 6 - Portfolio Manager Selection and Evaluation
 - Clarified role of Envestnet, a third-party service provider

If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our Chief Compliance Officer, at (203) 418-9020 or info@hjsims.com.

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Item 4 - Services, Fees and Compensation

Investment Advisory Services

Each client has a designated investment adviser representative (“investment adviser representative “or “IAR”), who is an advisory representative of Herbert J. Sims Capital Management, Inc. (“HJSCM”). The IAR is generally also a registered broker-dealer representative of Herbert J. Sims & Co. Inc. (“HJ SIMS”). Clients who wish to participate in the HJSCM Managed Portfolio Program (“MPP” or the “Program”) will enter into an investment management agreement with HJSCM. HJSCM has retained a third-party service provider, Envestnet Asset Management, Inc. and/or its affiliates (collectively, “Envestnet”), for various administrative, investment advisory and/or other services available on Envestnet’s Platform.

Clients inform their investment adviser representatives of the investment objectives, risk tolerance, and investment time horizon, and any investment policies, guidelines, or reasonable restrictions applicable to the assets they designate for investment through the Program. Investment adviser representative will assist with the selection of portfolio manager models, the selection of investment strategies, and the allocation of assets among managers or strategies. The client will make all decisions regarding the specific third-party managed account service and/or strategies that are selected in the advisory account. HJSCM will have trading discretion over certain client accounts’s investment but HJSCM has no discretion to move funds. The client will receive the disclosure brochure of each portfolio manager selected. Clients should read these programs carefully before deciding whether to invest through a particular program or select a particular portfolio manager and strategy.

Execution of Trades

Clients generally authorize and direct HJSCM or selected model/strategy managers to execute trades for accounts in MPP through Pershing, LLC (“Pershing”), a broker-dealer not affiliated with HJSCM.

Custody

An unaffiliated entity acts as custodian for MPP accounts. The custodian is named in the client’s Client Service Agreement (“CSA”). In most cases Pershing, LLC (“Pershing”) will act as custodian for all accounts.

Fees and Compensation

The MPP is a "wrap fee" advisory program. A "Wrap Fee" (also called in this brochure an “Advisory Fee”. The terms are used interchangeably here.) typically covers the cost of our investment advisory services, most execution charges through the custodian, custodian fees, platform administration, reporting services, investment manager fees. HJSCM will charge the advisory fee 90 days in advance based on the clients' asset under management as of the last business day of each quarter. . The Advisory Fee rate charged each quarter will be based on the net value of the assets in the Account on the last business day of the prior quarter, then multiplied by the annual Advisory Fee rate set forth in the Client Service Agreement and divided by number four (4) or ¼ of the annual fee. If assets transfer in during a current business quarter, then the number of remaining calendar days in the then current quarter will be used to divide the quarterly fee amount. Accounts in the same household may be aggregated for the purposes of determining the applicable Advisory Fee rate, subject

to HJSCM's policies and procedures and applicable law. The Advisory Fee rate will be blended, *i.e.*, as the value of the assets reaches various thresholds, the assets above each threshold will be charged successively lower advisory fee rates. The value of the assets will be based on information provided by the custodian of the assets, as applicable. HJSCM is entitled to rely on the financial and other information that the client, and custodian, or any other third-party provides to HJSCM. HJSCM does not independently verify this information nor does HJSCM guarantee the accuracy or validity of such information.

The maximum Advisory Fee rates for the Programs are subject to negotiation.

The maximum annual HJSCM Advisory Fees are:

HJSCM Managed Portfolio Program ("MPP")

Value of Account Assets	Maximum Advisory Fee
\$50,000 – \$500,000	2.50%
\$500,001 – \$1,000,000	2.00%
\$1,000,001 – \$2,500,000	1.75%
\$2,500,001 – \$5,000,000	1.50%
Over \$5,000,001	1.25%

These Advisory Fees (also called Wrap Fees) are generally subject to negotiation and typically range from 1.25% to 2.50% of the initial value of the assets in the account per year, depending on the size of the account or household and services covered. Except as described herein, the annualized wrap Fee is not intended to cover all expenses associated with the Account, including custodial fees and fees payable to a Sub-Advisor, Co-Advisor, or Third Party Sleeve Strategy or Model Manager. In the event the Adviser retains the services of a Sleeve Strategy or Model Manager, or Sub-Advisor, the applicable fees for the Sleeve Strategy or Model Manager will be disclosed on the "Sleeve/Model Manager Addendum" and forwarded to the client prior to investing the clients' funds in the Sleeve Strategy or Model.

The Advisory Fee does not include fees or expenses associated with the underlying investment vehicles (such as redemption fees or expense ratios).

In addition to the Advisory Fee and regardless of the actual quarterly Advisory Fee rate or the value of the assets in the account, Envestnet charges a flat annual operational fee of \$25 based on services provided.

The Wrap Fee will be calculated as a blended fee using two or more of the rate tiers set forth above. The blended rate is calculated by charging a lower rate on the assets above the designated tiers. These fees are generally subject to negotiation and typically range from 1.25% to 2.50% of the value of the assets in the account per year, depending on the size of the account and the services covered.

The imposition of the minimum fee may cause the effective Wrap Fee rate (expressed as a percentage) to be greater than the fee rates specified in the client's program agreement. The value of the assets will be based on information provided by Pershing, LLC (the custodian of the assets). HJSCM is entitled to rely on the financial and other information that the client, any custodian, or any other third party provides to HJSCM. HJSCM does not independently verify this information nor does HJSCM guarantee the accuracy or validity of such information. Clients generally instruct the custodian to take instructions from HJSCM to debit the fee from one of client's accounts.

Either party at any time upon written notice may terminate the Program agreement and a pro rata portion of any Wrap Fee paid by the client in advance will be remitted to the client based on the number of days left in the quarter following receipt of the notice of termination by HJSCM.

The Wrap Fee covers the advisory services provided by the investment adviser representative, program administrative services provided by HJSCM or Envestnet, execution of transactions through Pershing LLC, and custodial services (unless otherwise agreed between the custodian and the client). HJSCM also shares a portion of the Wrap Fee with the HJSCM investment adviser representative. Envestnet will also receive a portion of the Wrap Fee for the administration of the Platform and other services it provides.

The investment strategy may cost a client more or less than purchasing such service separately depending on the model manager or strategies selected, the frequency of trading in the Program accounts,

commissions charged at other broker-dealers for similar products, fees charged for like services by other advisers and broker-dealers and other factors.

The Wrap Fee does not cover:

- Brokerage commissions or other charges resulting from transactions not effected through Pershing, LLC
- Any additional custodial services contracted for directly by the client with the custodian;
- Certain costs or charges that may be imparted by the custodian, including costs associated with exchanging foreign currencies, odd-lot differentials, IRA fees, transfer taxes, exchange fees, wire transfer fees, postage fees, and other fees or taxes required by law.

In addition to the Wrap Fee, each mutual fund or exchange-traded fund (ETF) and/or Model in which a client may invest also bears its own investment advisory fees and other expenses. Mutual funds may be available directly from the funds pursuant to the terms of their prospectuses and without paying the Wrap Fee and ETFs may be available outside of the Program without paying the Wrap Fee, subject to applicable commissions and/or transaction charges. Further, to the extent that cash used for investment through the Program comes from redemptions of the client's mutual fund or other investments outside of the Program, there may be tax consequences or additional cost from sales charges previously paid and redemption fees incurred. Such redemption fees would be in addition to the Wrap Fee on those assets.

Additional expenses associated with the specific underlying investment funds such as, redemption fees may apply. Certain mutual funds used in the Program may charge a redemption fee if shares are redeemed within a specified period of time. Clients may incur redemption fees in the event that a sell is executed or model update is implemented. Redemption fees vary by fund and are described in each fund's prospectus.

In MPP accounts, HJ SIMS and/or the custodian will receive payments from certain mutual funds (including money market funds) pursuant to a 12(b)-1 distribution plan or other such plan as compensation for distribution or administrative services and are distributed from the fund's total assets. These fee arrangements will be disclosed upon request of a client and are available in the applicable fund's prospectus. The investment adviser representative will not receive a portion of these fees in his or her capacity as a registered broker-dealer representative of HJ SIMS.

Any such receipt of 12(b)-1 fee compensation will pass directly back to the Client and his/her account(s), thus, avoiding a conflict of interest. If cash is swept into a money market fund, HJ SIMS receives compensation based on the value of assets in these funds and the short-term rates environment. Thus, HJSCM and the HJSCM investment adviser representative have an incentive to recommend that the client select a money market fund as a sweep vehicle that pays more compensation to HJ SIMS than other funds.

In addition, HJSCM investment adviser representatives may recommend securities for MPP accounts in initial public offerings ("new issues") and secondary offerings. If HJ SIMS acts as an underwriter or manager for such offerings, or is a part of the selling group, it will receive compensation equal to either all or a portion of "gross spread" (the difference between the price the client pays for the security and the price at which HJ SIMS purchased the securities). The advisory fee is not reduced to offset this compensation. The amount of the gross spread is described in the relevant prospectus, offering circular or official statement.

Most HJSCM investment adviser representatives are also registered broker-dealer representatives of HJ SIMS. HJ SIMS will receive a portion of payments received from a closed-end mutual fund or in connection with an initial public offering, a secondary offering, and/or a private placement with these HJSCM investment adviser representatives' recommendations. These investment adviser representatives, when acting as broker-dealer registered representative with HJ SIMS, may also receive compensation outside of the advisory program under MPP, such as placement or commission fees, in connection with the sale of an investment product. Therefore, the HJSCM investment adviser representatives have an incentive to recommend certain investments over others. In addition, the HJSCM investment adviser representatives have an incentive to recommend securities where HJ SIMS acts as underwriter or manager or is part of the selling group.

The investment adviser representative recommending the Program to the client may receive more or less compensation than if the client participated in other advisory programs offered by HJSCM or paid separately for investment advice, brokerage, and other services. Thus, the investment adviser representative may have a financial incentive to recommend the Program over other programs or services.

Item 5 Account Requirements and Types of Clients

The following types of clients may participate in the Program: individuals, high net worth individuals, small business owners, pension and profit sharing plans, trusts, estates, charitable organizations, corporations or other business entities, and not for profit entities.

The minimum amount of assets required to open an account in the MPP Program is \$50,000. Additionally, HJSCM may construct customized portfolios which will require assets greater than \$50,000 to establish an account. HJSCM may waive account minimum asset size at its sole discretion.

HJSCM may waive for house-hold client accounts to obtain these minimums under certain circumstances. Should the market value of an account fall below the stated minimum, HJSCM will have the right to require that additional monies be deposited to bring the account value up to the required minimum, or close the account.

Item 6 - Portfolio Manager Selection and Evaluation

Investnet Services For certain types of Strategies, HJSCM has retained Investnet for various administrative, investment advisory and/or other services. The services and processes are more fully described in Investnet's Form ADV Part 2A. Investnet conducts investment and other due diligence on the model/strategy managers and their respective investment strategies and maintains approved or available strategy lists. HJSCM leverages this process in making recommendations to you.

Investnet may, from time to time, replace existing model/strategy managers or hire others to create investment strategy models and cannot guarantee the continued availability of investment strategy models created by particular model/strategy managers. HJSCM pays Investnet fees for the services that it provides to HJSCM with respect to accounts on the Platform, including based on the services provided and the number of client accounts. HJSCM does not independently audit the historical performance published by model/strategy managers available on the Investnet Platform. HJSCM does not have a uniform process for reviewing managers performance and any performance information. When a IAR makes a recommendation to add or change a model/strategy

manager, the IAR reviews the model/strategy manager's performance. You should expect that performance of model/strategy manager is not calculated on a uniform and consistent basis.

Certain HJSCM investment adviser representatives are allowed to implement their own Strategies. IAR's strategies are not subject to the same review and approval process of the Platform model/strategy manager. IARs who implement IAR Strategies are monitored and typically have substantial industry and/or investment management experience. An IAR may be removed from the ability to manage IARs' Strategies if determined necessary or appropriate by the Firm.

Individual Needs of Clients and Restrictions

HJSCM investment adviser representatives tailor their advisory services to the individual needs of the client in all advisory services offering under the Program. Clients inform their investment adviser representative of their investment objectives, risk tolerance, and investment time horizon and give their investment adviser representative any applicable investment policies, guidelines, or reasonable restrictions. Clients may impose reasonable restrictions on the investments in their accounts, including designating particular securities or types of securities that should not be purchased for an account. Any restrictions imposed by a client may cause the investment adviser representative to make different recommendations than he or she would in the absence of such restrictions. Thus, the account may not perform as well.

No Performance-based Fees

Neither HJSCM nor any of its supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client.

Methods of Analysis, Investment Strategies and Risk

The IARs base recommendations that they make in the Program using various types of investment analysis. Investing in securities involves risk of loss that clients should be prepared to bear. HJSCM does not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. HJSCM cannot offer any guarantees or promises that any client's financial goals and objectives will be met. Past performance is in no way an indication of future

performance.

The main sources of information in use with the Program is research materials prepared by others, including investment strategies/model back-testing, portfolio analysis, model composition/objectives and allocation or investments used by Third Party Sleeve Strategy or Model Manager. Other sources of information HJSCM may use include financial newspapers and magazines, inspection of corporate activities, corporate rating services, timing services, annual reports, prospectuses, and filings with the SEC and company press releases. Decision factors include allocation and/or manager risk analysis, comparative expenses, and other qualitative factors and mandate analysis. HJSCM investment adviser representatives may have access to third party vendors that provide support services in portfolio design and strategy implementation. Examples of third party sources used to assist in managing assets are Bloomberg, Morningstar, various ETF & fund screeners, economic news services, and asset allocation software or proposal systems. Additionally, Envestnet provides certain research and technology solutions to assist with client proposal and manager analysis. Our firm may use these tools along with an investor profile or questionnaires to recommend a model or a selection of strategies that will assist a client to achieve their objectives and risk tolerances.

Each investment style, strategy, and investment entails varying degrees of risk. There can be no assurance that a particular investment or strategy will be successful or that clients will not suffer losses. Results generated by for each account will differ, and the investment advice provided to an individual will differ from client to client. Investment performance is not guaranteed, and the investment adviser representative's past performance with respect to a client's account or other accounts does not predict future performance. The investment strategies used to manage accounts may include long term purchases, short term purchases, selling securities within 30 days, short sales, margin transactions, and option writing.

Risk of Loss

HJSCM by necessity relies on information, data and software provided by third parties, whose reliability, while believed to be accurate, cannot be guaranteed and losses may result from reliance upon them. These are normal risks for which we take no responsibility beyond the use of reasonable care. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses

due to market corrections or declines.

Each investment style, strategy, and product entails varying degrees of risk. Clients are to consult with their investment adviser representative to discuss the risks associated with the particular investment style and strategy employed in their accounts. There can be no assurance that a particular investment style or strategy will be successful or that clients will not suffer losses. Results generated for each account will differ, and the investment advice provided to an individual will differ from client to client. Investment performance is not guaranteed, past performance with respect to a client's account or other accounts does not predict future performance. Investing in securities involves risk of loss that clients should be prepared to bear. We cannot offer any guarantees or promises that your financial goals and objectives will be met.

Investors face investment risks, including, but not limited to, the following:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of

customers who buy electricity no matter what the economic environment is like.

- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Margin Risk:** Leverage increases a portfolio's risk as price swings are amplified in a margin account and clients can lose more funds than deposited if value of securities decline.

Alternative investments are not available to and not suitable for all clients. Investing in alternative investments, including single-strategy hedge funds or funds that invest in hedge funds, involves substantial risk. The investment may generate substantial losses, including an entire loss of capital invested. The investments are speculative and intended for investors who are capable of and willing to bear the high economic risks of the investment, which can include: loss of all or a substantial portion of the investment due to leveraging, short-selling or other speculative investment practices; lack of liquidity in that there may be no secondary market for the investment and none expected to develop; volatility of returns; risks related to international investing and trading on foreign exchanges; and lack of diversification. Fees are typically higher than with other investments and may offset trading profits. Hedge funds are not subject to many of the regulations and standards applicable to registered investment companies. Single-strategy hedge funds may be highly concentrated in certain types of securities, economic and/or industrial sectors and/or specific securities.

Investing in REITs involves additional risk due to potential adverse developments affecting REITs, the real estate industry, and property value such as economic recession, changes in interest rates, oversupply, competition from other management companies, property acquisition risks, development overruns, project completion delays, rising borrowing costs and tightening of available capital, defaults and insolvencies of major tenants, property damage, security threats, natural disasters, environmental clean-ups and liability lawsuits. The impact of these risks on the share price of funds that concentrate in

REIT investments can be high.

Although Exchange Traded Funds offer many advantages to investors, there are risks associated with ETFs, which include but are not limited to the following: Tracking Error, Discount or Premium trading to Net Asset Value (NAV), Foreign Exchange, Liquidity, Third-Party, and Options. For more information regarding the risks of options, please read the 'Characteristics and Risks of Standardized Options' brochure, which can be found at www.optionsclearing.com.

Tax Considerations

Clients are responsible for contacting their tax adviser to determine the best accounting method appropriate for them. If your tax adviser believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

Alternative investments can involve complex tax structures, investors may experience delay in tax reporting and an investor's tax liability may exceed cash distributions.

Voting Client Securities

With respect to the Program, unless HJSCM and the client otherwise agree in writing, HJSCM is expressly precluded from taking any action or rendering any advice with respect to the voting of proxies solicited by, or with respect to, the issuers of any securities held in the account. The client expressly retains the authority and responsibility with respect to voting proxies for the account(s) or will delegate discretion with respect to voting such proxies to a third party. If HJSCM receives any proxy materials that pertain to securities held in the account, HJSCM will forward the materials to person designated by the client. Clients are expected to vote their own proxies and receive their proxies directly from the custodian or transfer agent.

Item 7 - Client Information Provided to HJSCM

As described in "Services, Fees and Compensation" above, clients inform their IARs of their investment objectives, risk tolerance, and investment time horizon and give their investment adviser representative any applicable investment policies, guidelines, or reasonable restrictions. Clients may impose

restrictions on the investments in their accounts, including designating particular securities or types of securities that should not be purchased for an account. Any restrictions imposed by a client may cause the investment adviser representative to make different recommendations than he or she would in the absence of such restrictions. Thus, the account may not perform as well.

A client also may request that HJSCM make recommendations for the client's account in accordance with client-specified investment guidelines or policies or otherwise implement a strategy in the client's account in a manner that may differ from that in which HJSCM would otherwise have recommended.

The client must promptly inform their assigned investment adviser representative of material changes in their financial circumstances or investment objectives. The investment adviser representative will periodically discuss, at least once a year, whether the management of the account continues to reflect the investment objectives and financial requirements of the client.

Item 8 - Client Contact with HJSCM

Clients are encouraged to contact their investment adviser representative directly.

Item 9 - Additional Information

Disciplinary Information

In July 2021, Herbert J. Sims & Co. Inc. ("Sims"), a controlling affiliate of HJSCM, consented, without admitting or denying, to the entry of an order by the U.S. Securities and Exchange Commission ("SEC") regarding its investigation of the sale of certain variable interest rate structured products ("VRSPs") during the period January 2015 and April 2018. Sims agreed to the entry of an Order ("Order"), without admitting or denying the findings by the SEC, that Sims violated Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933 and failed to reasonably supervise its personnel to prevent these violations, in connection with the sale of certain VRSPs. Sims agreed to cease and desist from committing any future violations in this regard, to pay a fine of \$250,000, and to hire an Independent Consultant to review Sims' policies relating to the sale of VRSPs. The Order also censured Sims.

In January 2023,, Herbert J. Sims & Co. Inc. ("Sims"),

a controlling affiliate of HJSCM, consented, without admitting or denying, to the sanctions and to the entry of findings by the Financial Industry Regulatory Authority("FINRA") that it failed to establish and implement an anti-money laundering (AML) program that was reasonably designed to detect and cause the reporting of suspicious cyber-events, as the Firm did not reference any requirement to review cyber-events for AML purpose nor had a process in place for conducting reviews of such events. The Firm's IT department conducted forensic investigations of each of the five events that occurred during the period (2016 to 2019) but the Firm did not recognize at the time that the nature of the incidents and the assets put at risk potentially necessitated the filing of Suspicious Activity Reports (SARs). The Firm has subsequently amended its AML program and paid a fine of \$100,000.

Other Financial Industry Activities and Affiliations

In General

HJSCM's officers and IARs are also associated persons of Herbert J. Sims & Co. Inc. (HJ SIMS) and are licensed to sell securities (and some are licensed to sell insurance and annuities). Because HJ SIMS and HJSCM's associated persons will receive additional compensation and other direct and indirect economic benefits from the sale of securities and insurance products, a conflict of interest exists. Although HJSCM and its IARs will endeavor to place the interests of the client first, the existence of this additional compensation may influence their decisions with respect to recommendations made or actions taken for an account. Clients are under no obligation to purchase securities or insurance through HJ SIMS to implement any recommendations made by HJSCM IARs. Time spent selling securities and insurance products on behalf of HJ SIMS, and time spent on behalf of HJSCM advisory services will vary with each financial professional.

HJ SIMS acts as a dealer with respect to certain securities, and as such, may execute transactions for HJSCM clients as principal. As a dealer, HJ SIMS may receive a "mark-up," "mark-down," and/or spread in the net price at which principal transactions are executed. Thus, HJSCM has a conflict of interest in recommending or deciding to execute trades through HJ SIMS on a principal basis. HJSCM addresses this conflict of interest in the following ways. After receiving disclosures about a specific principal transaction with HJ SIMS, clients have the opportunity to reject the transaction before it is completed, to the

extent required by applicable law.

In addition, HJSCM has policies and procedures in place to assure that clients receive best execution with respect to principal trades, regardless of whether the trade is executed by HJ SIMS or an unaffiliated dealer. HJSCM may also recommend that clients invest in securities issued in an initial public and/or secondary offerings (“new issues”) for which HJ SIMS acts as a manager, underwriter and/or a member of the selling group. HJSCM has a conflict of interest in recommending these securities for several reasons. First, HJ SIMS receives all or a portion of the gross spread – the difference between the price that the client pays for the security and the price that HJ SIMS purchases the security for -- in connection with such sales. This gross spread is between 1 and 3% based on the offering.

HJSCM investment adviser representatives generally receive a portion of this compensation as registered broker-dealer representatives of HJ SIMS. In addition, HJ SIMS has a substantial interest—both financial and with respect to its reputation—in assuring that the offering is successful by having a large number of the securities purchased.

Finally, in connection with certain offerings, HJ SIMS has an obligation to purchase and resell a certain number of securities. Thus, because of its affiliation with HJ SIMS, HJSCM has incentives to recommend these investments in these offerings for these reasons, rather than based on a client’s needs. To address these conflicts, HJSCM has policies and procedures in place to make sure that securities in initial public offerings are recommended only to clients for whom they are suitable given the client’s investment objectives and assets. In addition, clients are generally given transaction specific disclosure prior to the client’s decision to invest in such securities. Securities acquired in initial public and secondary offerings may be oversubscribed and HJSCM has policies and procedures in place for the allocation process.

Certain HJSCM IARs are licensed to sell life and annuity insurance products through HJSCM (a wholly owned subsidiary of HJ SIMS). HJ SIMS, as well as the appropriately licensed IARs will receive compensation for the sale of such products. The IARs may recommend the purchase of insurance products. Clients are under no obligation to purchase insurance products through any particular insurance agency or representative.

Code of Ethics and Personal Trading

HJSCM has adopted a Code of Ethics for all supervised persons of the firm describing our high standard of business conduct, and fiduciary duty to our clients. All supervised persons at our firm must acknowledge the terms of the Code of Ethics and personal securities transactions and holdings annually, or as amended. Our Code of Ethics sets forth detailed policies and procedures regarding the personal trading of its personnel.

HJSCM’s Code of Ethics Rules are designed to ensure that our personnel: a) observe applicable legal (including compliance with applicable state and federal securities laws) and ethical standards in the performance of their duties; b) at all times place the interests of our clients first; c) disclose all actual or potential conflicts; d) adhere to the highest standards of loyalty, candor and care in all matters relating to our clients; e) conduct all personal trading consistent with the Rules and in such a manner as to avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility; and f) not use any material non-public information in securities trading. The Code of Ethics also establishes policies regarding other matters such as outside employment, the giving or receiving of gifts, and safeguarding portfolio holdings information.

Under the general prohibitions of these rules, HJSCM personnel may not: 1) effect securities transactions while in the possession of material, non-public information; 2) disclose such information to others; 3) participate in fraudulent conduct involving securities held or to be acquired by any client; and 4) engage in frequent trading activities that create or may create a conflict of interest, limit their ability to perform their job duties, or violate any provision of these rules.

HJSCM personnel are required to conduct their personal investment activities in a manner that is not detrimental to our advisory clients. They are not permitted to transact in securities except under circumstances specified in the Code of Ethics. However, as described above, there may be circumstances when HJSCM personnel may buy and sell on behalf of its clients, securities of issuers or other investments in which they own securities or otherwise have an interest. The policy requires all Access & Supervised Persons (defined as investment personnel, which includes portfolio managers, research analysts and trading room personnel, operations and officers of HJ SIMS, and other designated persons) to report all personal transactions in securities not otherwise exempt under the policy. All reportable transactions are reviewed for

compliance with the Code of Ethics.

The Code of Ethics is enforced through compliance monitoring activities and surveillance. In cases where the firm discovers that an employee has violated a firm policy and/or procedure, the firm's code of business conduct or code of ethics, a state or federal law, regulation of FINRA, the SEC, or other regulatory agency, the Compliance Department will take appropriate steps to investigate the circumstances and will take action commensurate with the manner of the violation. Such actions could take the form of a written warning to the employee in conjunction with the firm's Legal Department, or be as serious as disciplinary action up to and including termination. Any such Investigations will be brought to the appropriate regulator's attention, if necessary, which may result in a disclosure of the violation on the employee's U-4 form, if required.

A copy of the HJSCM Code of Ethics may be obtained by writing to Herbert J. Sims Capital Management, Inc., 2150 Post Road, Suite 301, Fairfield, CT 06824.

Brokerage Practices

Under the provisions of the Client Service Agreement, clients elect to direct all brokerage transactions executed through Pershing LLC and clients cannot designate or select a different broker. Not all investment advisers require clients to direct their accounts to utilize a broker that has been selected by the investment adviser or Envestnet. There are no trading commissions charged to clients enrolled in HJSCM wrap fee programs. By charging a single wrap fee, which includes the costs associated with trade execution, HJSCM discloses and tries to mitigate the conflicts of interests that are presented by using an affiliated broker-dealer.

HJSCM does not currently offer Clients the ability to direct brokerage beyond Pershing, LLC as non-directed accounts may not benefit from any negotiated commissions or operational client account support services HJSCM has arranged for its clients. Preferred custodians may discount or waive fees for clients of HJSCM that it might otherwise charge to retail clients for the same services.

Client shall be solely responsible for all transaction charges, and any charges relating to the custody of securities in the Account. The Program Wrap Fee covers the investment management services provided by HJSCM and Envestnet, the custodian and execution fee (asset-based pricing) from Pershing,

LLC, and the Third-Party Model Manager Fee. It does not include brokerage commissions, mark-ups and mark-downs, dealer spreads or other costs associated with the purchase and sale of securities, exchange fees, option assignment or exercise fees, Custodian fees, interest, taxes, or other Account expenses.

Additionally, subadvisors, and third party managers may combine orders for more than one client's account to form a "block" order for the purpose of seeking a better price and or execution. When a block order is executed, the broker/dealer executing the order typically allocates an average execution price to all shares in the block order, which is then allocated to each customer's account position on a pro rata basis. Should a block order only be partially filled, available shares are distributed in a manner fair to all accounts.

Client shall be solely responsible for these additional expenses. Client understands that, in addition to the Advisory Fee, shareholders of each mutual fund or exchange-traded fund in which the Account may be invested will also be charged investment advisory fees and other expenses which are disclosed in each fund's prospectus or summary disclosure. Client further understands that the mutual funds and exchange-traded funds recommended or purchased through this Program may be available directly without paying the Fee.

Review of Accounts

The investment adviser representative is primarily responsible for reviewing the accounts on an on-going basis to ensure that the asset allocation, model manager, or strategies selected continue to be suitable for the client, taking into account any changes to the information provided by the client.

Managed Portfolio Program accounts are reviewed periodically by HJSCM management. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. Clients are referred to the Third Party Sleeve Strategy or Model Managers disclosure documents for information regarding the account review policies of the accounts. In addition to the monthly statements and confirmations of transactions that clients receive from their custodian, upon request HJSCM will provide quarterly reports on MPP account performance, balances and holdings. HJSCM via Envestnet also makes available a web-based performance reports for those clients that so desire.

HJSCM or the IAR may provide clients with quarterly performance reviews of the Program accounts. HJSCM and

the investment adviser representative may not provide tax advice, and nothing in the performance review should be regular monthly account statements received from the custodian or Form 1099. Performance reviews should not be used to calculate fees or to complete income tax returns.

Upon a client's specific request and subject to the relevant firm's policies and procedures and applicable law, the performance review may include information about assets outside the program. By including any such assets in the performance review, the firm is not undertaking to provide or be responsible for providing any services with respect to those assets.

Client Referrals and Other Compensation

HJSCM may enter into agreements with third parties that will solicit clients for HJSCM and receive compensation for referring clients to HJSCM. In such instances, the third party solicitor will receive either a percentage of, or a set fee from, the fee charged to the client. If a solicitor is used in connection with a client's

construed as advice concerning any tax matter. Performance reviews are not a substitute for account, the structure and arrangement of the solicitation agreement, as well as the compensation paid to the solicitor, will be fully disclosed to the client, which disclosure will be acknowledged in writing by the client when participating in a HJSCM program. The fee charged to a client is not affected by the use of a third-party solicitor in connection with client accounts, and a client will not be charged any additional fees for the use of such services.

Financial Information

Registered investment advisers are required in this section to provide you with certain financial information or disclosures about HJSCM's financial condition. HJSCM has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.