

## Item 1 – Cover Page



### ***ADV Part 2A: Firm Brochure*** **Redhawk Wealth Advisors, Inc.**

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March 25, 2024

This brochure provides information about the qualifications and business practices of Redhawk Wealth Advisors, Inc. If you have any questions about the contents of this brochure, please contact Redhawk at (952) 835-4295 or [compliance@redhawkwa.com](mailto:compliance@redhawkwa.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 with the SEC or with any state securities authority does not imply a certain level of skill or training. Additional information about Redhawk Wealth Advisors, Inc. also is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Redhawk's CRD number is 146616.

## Item 2 - Material Changes

This Brochure provides you with a summary of Redhawk's advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item is used to provide Redhawk's Clients with a summary of new and/or updated information; Redhawk will inform interested parties of the revision(s) based on the nature of the information as follows.

**Material Changes:** Should a material change in Redhawk's operations occur and depending on its nature, Redhawk will promptly communicate this change to Clients (and it will be summarized in this Item). "Material Changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to Redhawk's advisory services or advisory affiliates, or any information that is critical to a Client's full understanding of Redhawk. The following summarizes new or revised material disclosures since Redhawk's last annual amendment filing on March 31, 2023:

- Item 12: Hand Benefits & Trust added as a primary Custodian.

If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact Redhawk's Chief Compliance Officer at (952) 835-4295 or [compliance@redhawkwa.com](mailto:compliance@redhawkwa.com). Redhawk encourages you to read this document in its entirety.

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## Item 4 – Investment Advisory Business

Redhawk Wealth Advisors, Inc. (“Redhawk” or “Firm”) is an SEC-registered investment advisor with its principal place of business based in Minneapolis, Minnesota. Redhawk began conducting business in 2008. Below are the Redhawk’s principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Daniel Edward Hunt, CEO

Redhawk provides investment management and financial planning services to individuals, high net worth, trusts, estates, partnerships, charitable organizations, foundations, endowments, corporations, captive insurance companies (“CIC” or “CICs”), qualified retirement plans, or other businesses not listed above (collectively referred to herein as “Client” or “Clients”). Redhawk’s services include the review of Client investment objectives and goals, recommending investment products such as cash, stocks, mutual funds, exchange-traded-funds (“ETFs”), bonds, annuities, alternative investments, US government treasuries, cash and equivalents and preparing a written Investment Policy Statement (“IPS”). Redhawk’s investment advice is tailored to meet the Clients’ needs and investment objectives. Clients may impose restrictions on investing in certain securities or types of securities (such as a product type, specific companies, specific sectors, etc.) by providing a signed and dated written notification, of which an e-mail is also an acceptable form of notification.

Redhawk provides investment advisory and other financial services through independent financial advisors who have either:

- a. affiliated with Redhawk; or
- b. have an investment Sub-Advisory Agreement with the independent financial advisor’s registered investment advisory firm; or
- c. have a Solicitors agreement with the independent financial advisor’s registered investment advisory firm (“Financial Advisor” or collectively “Financial Advisors”).

Redhawk provides discretionary and non-discretionary investment advisory services to its Clients through various managed account programs. Redhawk and the Financial Advisor will assist Clients in determining the investments that are in the best interest of the Client. The Financial Advisor is compensated based on a percentage of assets and the account is assessed other brokerage and account transaction fees. Redhawk and the Financial Advisor, as appropriate, will be responsible for the following:

- Perform due diligence to select the investments.
- Perform ongoing monitoring and replacement oversight of the investments.
- Provide a Client risk profile assessment.
- Provide research and analytics on investment product options, as needed.
- Recommend investments that are in the best interest of the Client based on:
  - Risk profile assessment
  - Age
  - Retirement date
  - Investible assets
  - Financial goals
- Prepare a customized IPS for the Client.
- Provide ADV Part 2A (Firm Brochure) and Form CRS.
- Obtain the investment management agreement from the Client with the required IPS and investment selection for each new account or change in investment.
- Perform Client best interest compliance review for new accounts including account documentation, IPS, and investment selections.

Redhawk's Financial Advisors may also provide a comprehensive financial plan for Clients. As part of the plan, the Financial Advisor will advise the Client on how to achieve their short-term and long-term financial goals. This may include saving for education, planning for retirement, managing taxes, and insurance. The following elements are addressed, and revised as necessary:

- Develop a retirement strategy for accumulating the retirement income needed.
- Develop a comprehensive risk management plan that may include a review of life and disability insurance, personal liability coverage, property and casualty coverage, and catastrophic coverage.
- Develop a long-term investment plan that includes a customized plan based on specific investment objectives and a personal risk tolerance profile.
- Develop a tax reduction strategy for minimizing taxes as allowed by the tax code.
- Develop an estate plan for the benefit and protection of heirs.

As of 12/31/2023, Redhawk disclosed \$1,815,167,245 in total assets under management all of which are discretionary assets under Redhawk's management ("AUM"). Additionally, Redhawk advises on \$663,530,206 in Assets under Advisement ("AUA").

AUM shall mean assets that are invested under either a(n):

- Risk-Guard Platform Investment Management Agreement (or "RGP"); or
- Standard Open Investment Platform Discretionary Investment Management Agreement (or "SOIP"); or
- Trading Open Investment Platform Discretionary Investment Management Agreement (or "TOIP"); or
- Held Away Open Investment Platform Management Agreement (or "HOIP") whereby Redhawk or Financial Advisor is managing the account; or
- ERISA 3(38) Investment Management Agreement; or
- Standard Captive Insurance Company Investment Management Agreement; or
- ET Group of Companies Captive Insurance Company Investment Management Agreement; or
- Cash Balance Investment Management Agreement; or
- Section 529 Account Investment Management Agreement; or
- 403(b) / 457(b) Investment Management Agreement.

AUA shall mean all other Client assets under advisement by a Financial Advisor that may be invested in a(n):

- Held Away Open Investment Platform Management Agreement (or "HOIP") whereby the account is not being managed by Redhawk or Financial Advisor; or
- Retirement Plan ERISA 3(21) Investment Advisor Agreement; or
- ERISA retirement plan whereby the Financial Advisor is the advisor of record for the plan and Redhawk is not serving as an ERISA 3(21) Investment Advisor or a 3(38) Investment Manager.

Additional information regarding Redhawk's investment advisory services to wealth management and retirement plan Clients are described below.

### **Wealth Management**

As part of the financial planning process, the Financial Advisor conducts a personal discussion with the Client and completes a risk tolerance assessment to determine the Client's goals and objectives. The Financial Advisor then determines the appropriate investment or investments that is in the best interest of the Client. Under this arrangement, the Client retains individual ownership of all securities.

Redhawk's investment recommendations are not limited to any specific product or service offered by a broker dealer, registered investment advisor, or insurance company and will generally include advice regarding the following securities, all of which are considered asset allocation categories for the Client's investment strategy:

- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities (other than commercial paper)
- Options
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- Exchange Traded Funds ("ETFs")
- Unit Investment Trusts ("UITs")
- Collective Investment Trust ("CITs")
- United States governmental securities
- Structured products
- Cash and equivalents

Redhawk continuously monitors the performance of accounts managed by third-party money managers and will assume discretionary authority to hire or fire the money manager where such action is deemed appropriate and in the best interest of the Client. Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the Client's stated investment objectives, tolerance for risk, liquidity, and best interest. To ensure that the initial determination of an appropriate portfolio remains in the best interest of the Client and that the account continues to be managed in a manner consistent with the Client's financial circumstances, the Financial Advisor will:

1. Conduct a Client review, at least annually, to determine whether there have been any changes in the Client's financial situation or investment objectives, and whether the Client wishes to impose investment restrictions or modify existing restrictions.
2. Ensure that they be available to consult with the Client.
3. Maintain Client suitability information and the IPS in each Client's file.

Financial Advisors have several choices for Client accounts and can utilize several investment platforms that are in the best interest of their Client including:

**Sub-Advisory Services** – Redhawk may enter into agreements with unaffiliated registered investment advisors (hereafter referred to as an "Independent RIA") whereby Redhawk oversees and manages on a discretionary basis some or all of the Independent RIA's Client assets according to the investment strategy chosen by the Client. For Clients who enter into agreements with the Independent RIA in a joint capacity with Redhawk, both advisors oversee and manage, on a discretionary basis, some or all of the Client assets according to the investment management agreement(s). In these situations, the Client remains a Client of the Independent RIA and Redhawk. The decision as to what investment strategy(s) Client assets are invested in is based on suitability information gathered and reviewed by the Independent RIA. Redhawk manages these assets based on its investment strategies and not based on overall Client suitability. Strategies are managed on an ongoing basis. The Independent RIA is responsible for the administrative paperwork and servicing the accounts. Redhawk facilitates the billing on behalf of the Independent RIA. The Client will enter into a Risk-Guard Platform Investment Management ("RGP") agreement. There are no trading or transaction costs for individual stocks and ETFs. Client pays all transaction

and trading costs for mutual funds, any regulatory fees, and there is not a minimum account balance that is required for this account. The minimum account balance for this type of account is \$1,000.

**Legacy Account** – An account that is customized for the Client. Redhawk executes the trades based on direction from either the Financial Advisor or Client. The Client will enter into a Risk-Guard Platform Investment Management agreement. There are no trading or transaction costs for individual stocks and ETFs. Client pays all transaction and trading costs for mutual funds, any regulatory fees, and there is not a minimum account balance that is required for this account.

**Managed Account** – Includes various third-party money managers, mutual funds, and ETFs selected and monitored by Redhawk. Redhawk has full oversight over the investments and Redhawk executes the trades on behalf of the Client based on direction from the appointed Redhawk advisor. The Client will enter into a Risk-Guard Platform Investment Management agreement. There are no trading or transaction costs for individual stocks and ETFs. Client pays all transaction and trading costs for mutual funds, any regulatory fees, and the minimum account balance for a managed account is \$1,000.

**Standard Open Investment Platform (“SOIP”)** – An account that enables the Financial Advisor to have full-discretion and fiduciary oversight of the Client’s account. The Financial Advisor must execute the Redhawk IAR OIP Agreement with Redhawk, and the Financial Advisor is responsible to execute the Redhawk Standard Open Investment Platform Discretionary Investment Management Agreement with each Client. This agreement will give Redhawk the authority to deduct the Redhawk administration fee and Financial Advisor fee monthly. For this account, the Financial Advisor is responsible for executing trades and managing the account on behalf of the Client. There are no trading or transaction costs for individual stocks and ETFs. Client pays all transaction and trading costs for mutual funds and any regulatory fees.

**Trading Open Investment Platform (“TOIP”)** – An account that enables the Financial Advisor to manage their own portfolios and Redhawk executes the trades on behalf of the Client based on direction from the Financial Advisor. The Financial Advisor must execute the Redhawk IAR OIP Agreement with Redhawk, and the Financial Advisor is responsible to execute the Redhawk Trading Open Investment Platform Discretionary Investment Management Agreement with each Client. This agreement will give Redhawk the authority to execute the trades and deduct the Redhawk administration fee and Financial Advisor fee monthly. There are no trading or transaction costs for individual stocks and ETFs. Client pays all transaction and trading costs for mutual funds and any regulatory fees.

**Managed Held Away Accounts Open Investment Platform (“HOIP”)** – An account that is “held away” and custodied at an outside financial institution. For this type of account, the Financial Advisor is managing the account and providing financial planning oversight for the account. The Client gives authorization to Redhawk to access their account information, using a third-party service provider’s Order Management System and the account information is uploaded to Redhawk’s platform daily. This allows for Redhawk or the Financial Advisor to manage and trade the held away account. The third-party service provider is approved by Redhawk. The Financial Advisor must execute the Redhawk IAR OIP Agreement with Redhawk, and the Financial Advisor is responsible to execute the Redhawk Held Away Open Investment Platform Management Agreement with each Client. The Client instructs Redhawk to either invoice them directly monthly or to take the fees out of a non-qualified account held at Redhawk monthly. There is not a minimum account size for this type of account.

Redhawk uses a third-party platform to facilitate management of held away assets such as defined contribution plan participant accounts, with discretion. These are primarily 401(k) accounts, 403(b) accounts, 529 plans, Thrift Savings Plans (“TSP”), variable annuities, and other assets not held with the recommended custodian. The platform

allows Redhawk to avoid being considered to have custody of Client funds since Redhawk does not have direct access to Client log-in credentials to affect trades. Redhawk is not affiliated with the platform in any way and receives no compensation from them for using their platform. A link will be provided to the Client allowing them to connect an account(s) to the platform. Once Client account(s) is connected to the platform, Redhawk will review the current account allocations. When deemed necessary, Redhawk will rebalance the account considering the Client's investment goals and risk tolerance, and any change in allocations will consider current economic and market trends using Risk-Guard as described in Item 8 below.

**Non-Managed Held Away Accounts Open Investment Platform (“HOIP”)** – An account that is “held away” and custodied at an outside financial institution. For this type of account, the Financial Advisor is providing financial planning oversight on the account. The Client gives authorization to Redhawk to access their account information, using a third-party service provider's data aggregation application and the account information is uploaded to Redhawk's platform daily. The third-party service provider is approved by Redhawk. The Financial Advisor must execute the Redhawk IAR OIP Agreement with Redhawk, and the Financial Advisor is responsible to execute the Redhawk Held Away Open Investment Platform Management Agreement with each Client. The Financial Advisor pays for the data aggregation fees. There is not a minimum account size for this type of account.

**Standard Captive Insurance Company Accounts (“SCIC”)** – A CIC is created and wholly owned by one or more non-insurance companies to insure the risks of its owner (or owners). A CIC is essentially a form of self-insurance whereby the insurer is owned wholly by the insured. They are typically established to meet the risk-management needs of the owners or members. Once established the captive operates like any commercial insurance company and is subject to state regulatory requirements including reporting, capital, and reserve requirements. Redhawk has full oversight over the investments for the CIC and the account is invested in an asset allocation strategy managed by Redhawk. The minimum account size is \$250,000. The Client will enter into a Standard Captive Insurance Company Investment Management Agreement and the Client pays for all trading and transaction costs.

**ET Group of Companies Captive Insurance Company Accounts (“ECIC”)** – ET Group of Companies is a part owner of Alink Captive Insurance Services. Alink Captive Insurance Services offers CICs to business owners of the companies that are part of ET Group of Companies. A CIC is created and wholly owned by one or more non-insurance companies to insure the risks of its owner (or owners). A CIC is essentially a form of self-insurance whereby the insurer is owned wholly by the insured. They are typically established to meet the risk-management needs of the owners or members. Once established the captive operates like any commercial insurance company and is subject to state regulatory requirements including reporting, capital, and reserve requirements. Redhawk has full oversight over the investments for the CIC and the account is invested in an asset allocation strategy managed by Redhawk. The minimum account size is \$250,000. The Client will enter into an ET Group of Companies Captive Insurance Company Investment Management Agreement and the Client pays for all trading and transaction costs.

**Section 529 Plan Accounts** – Are accounts that are established to save for future educational expenses. Redhawk has full oversight over the investments for these accounts and the accounts are invested in an asset allocation strategy managed by Redhawk. The Client will enter into a Section 529 Account Investment Management Agreement and the Client does not pay for trading and transaction costs. There is not a minimum account size for this type of account.

**403(b) and 457(b) Retirement Accounts** – Are accounts that are part of a tax-deferred retirement savings programs provided by certain employers. Employers such as public educational institutions (public schools, colleges, and universities), certain non-profits, and churches or church-related organizations may offer 403(b) plans. Employers such as state and local government agencies and certain non-profit organizations may offer 457(b) plans. Some employers may offer both 403(b) and 457(b) plans and allow contributions to both plans. Redhawk has full oversight over the investments for the 403(b) and 457(b) accounts and the accounts are invested in an asset allocation strategy



managed by Redhawk. The Client will enter into a 403(b) and 457(b) Investment Management Agreement and the Client, depending on the custodian, may or may not pay for trading and transaction costs. There is not a minimum account size for this type of account.

### **Retirement Plans**

#### **ERISA Section 3(21) Investment Advisor and 3(38) Investment Management Services**

For employer-sponsored retirement plans, including cash balance plans, Redhawk provides its investment advisory services as an investment advisor as defined under Section 3(21) and as an investment manager as defined under Section 3(38) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

When serving as an ERISA 3(21) investment advisor, the plan sponsor and Redhawk share fiduciary responsibility. The plan sponsor retains ultimate decision-making authority for the investments and may accept or reject the recommendations in accordance with the terms of a separate ERISA 3(21) Investment Advisor Agreement between Redhawk and the plan sponsor. Redhawk provides the following services to the plan sponsor:

- Screen investments and make recommendations.
- Monitor the investments and suggests replacement investments when appropriate.
- Provide a monthly or quarterly monitoring report.
- Assist the plan sponsor in developing an IPS.

When serving as an ERISA 3(38) investment manager, the plan sponsor is relieved of most of their fiduciary responsibilities for the investment decisions made by Redhawk. Redhawk is a discretionary investment manager in accordance with the terms of a separate ERISA 3(38) Investment Management Agreement or a Cash Balance Investment Management Agreement between Redhawk and the plan sponsor. Redhawk provides the following services to the plan sponsor:

- Select the investments.
- Monitor the investments and replace investments when appropriate.
- Provide a monthly or quarterly monitoring report.
- Develop a customized IPS.

Redhawk’s goal in identifying the plan’s investment options is to provide a range of options that will enable plan participants to invest according to varying risk tolerances, savings, time horizons, or other financial goals. The plan's investment options may consist of ETFs, CITs, mutual funds, portfolios, or other similar investment funds. The investment funds from which Redhawk will select from will be those that are available on the plan recordkeeper’s investment platform.

Redhawk will prepare an IPS for the plan. The purpose of the IPS is to provide guidelines for making investment-related decisions in a prudent manner. It outlines the underlying philosophies and processes for the selection, monitoring, and replacement of the investment options offered by the plan. On a monthly or quarterly basis, Redhawk will perform on-going monitoring of the investment options within the plan. The ongoing monitoring of investments is a regular and disciplined process. Monitoring confirms that the criteria remain satisfied and that an investment option continues to be appropriate. The process of monitoring investment performance relative to specified guidelines will be consistently applied and Redhawk will provide the Client with a monitoring report.

### **Disclosure Regarding Rollover Recommendations**

Redhawk is a fiduciary under the Investment Advisers Act of 1940 and when Redhawk provides investment advice to a Client regarding their retirement plan account or individual retirement account, Redhawk is also a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. Redhawk must act in the Client’s best interest and not

put Redhawk's interest ahead of the Client's. At the same time, the way Redhawk makes money creates some conflicts with the Client's interests.

An employee leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) rollover to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the Client's age, result in adverse tax consequences). Redhawk may recommend a former employee roll over plan assets to an IRA for which Redhawk provides investment advisory services. As a result, Redhawk and its representatives may earn an asset-based fee. In contrast, a recommendation that a former employee leave their plan assets with their previous employer or roll over the assets to a plan sponsored by a new employer will generally result in no compensation to Redhawk. Redhawk therefore has an economic incentive to encourage a former employee to roll plan assets into an IRA that Redhawk will manage, which presents a conflict of interest. To mitigate the conflict of interest, there are various factors that Redhawk will consider before recommending a rollover, including but not limited to: (i) the investment options available in the plan versus the investment options available in an IRA, (ii) fees and expenses in the plan versus the fees and expenses in an IRA, (iii) the services and responsiveness of the plan's investment professionals versus those of Redhawk, (iv) protection of assets from creditors and legal judgments, (v) required minimum distributions and age considerations, and (vi) employer stock tax consequences, if any. Redhawk's Chief Compliance Officer remains available to address any questions that a former employee has regarding the oversight.

### **Financial Planning**

Through the financial planning process, the Financial Advisor engages with the Client to determine their goals, objectives, priorities, vision, and legacy (both for the near term as well as for future generations). With the unique goals and circumstances of each Client in mind, the Financial Advisor will offer financial planning ideas and strategies to address the Client's holistic financial picture, including estate, income tax, charitable, cash flow, wealth transfer, and Client legacy objectives. The Financial Advisor partners with the Client's other advisors (CPAs, Enrolled Agents, Estate Attorneys, Insurance Brokers, etc.) to ensure a coordinated effort of all parties toward the Client's stated goals. Such services include various reports on specific goals and objectives or general investment and/or planning recommendations, guidance to outside assets, and periodic updates.

Redhawk's specific services in preparing the financial plan may include:

- Review and clarification of the Client's financial goals.
- Assessment of Client's overall financial position including cash flow, balance sheet, investment strategy, risk management, and estate planning.
- Creation of a unique plan for each goal, including personal and business real estate, education, retirement or financial independence, charitable giving, estate planning, business succession, and other personal goals.
- Development of a goal-oriented investment plan, with input from various advisors to the Client around tax suggestions, asset allocation, expenses, risk, and liquidity factors for each goal. This includes IRA and qualified plans, taxable, and trust accounts that require special attention.
- Design of a risk management plan including risk tolerance, risk avoidance, mitigation, and transfer, including liquidity as well as various insurance and possible company benefits.
- Development and implementation of, in conjunction with the Client's estate and/or corporate attorneys as tax adviser, an estate plan to provide for the Client's heirs in the event of an incapacity or death.

A written evaluation of the Client's initial situation and financial plan is provided to the Client. The Financial Advisor will review the financial plan with the Client based on the terms of the financial planning agreement.

## Item 5 - Fees and Compensation

### Wealth Management Fees and Compensation

Redhawk charges a fee as compensation for providing Wealth Management services to Client accounts. These services include advisory and consulting services, trade entry, investment supervision, and other account-maintenance activities. The custodian charges transaction costs, custodial fees, redemption fees, retirement plan and administrative fees or commissions. See Additional Fees and Expenses below for additional details.

The fees for portfolio management are based on an annual percentage of assets under management and are applied to the account asset value on a pro-rata basis. Advisory fees are billed monthly in arrears and calculated based on the average daily balance of the account(s) under management. Depending on the services offered there may be an account minimum, which can be reduced at Redhawk's discretion.

Redhawk's maximum annual advisory fee for accounts paying a percentage of assets under management is 1.75% except for Starter Accounts (less than \$5,000 in assets) which will be assessed a flat annual fee of \$50.00. The specific advisory fees are set forth in the Investment Management Agreement. Fees may vary based on the size of the account, complexity of the portfolio, extent of activity in the account or other reasons agreed upon by Redhawk and the Client. The market value will be determined as reported by the Custodian. Fees are assessed on all assets under management. Cash and cash equivalents and any margin debt balances are included in the calculation of advisory fees, unless otherwise noted and agreed to in the executed Agreement.

Redhawk's employees and family related accounts are charged a reduced fee for services.

Unless otherwise instructed by the Client, Redhawk will aggregate asset amounts in accounts from the same household together to determine the advisory fee for all Client accounts. For example, if Redhawk manages accounts for an individual, Redhawk will include joint accounts for a spouse, minor children and/or Trust accounts. This consolidation practice is designed to allow the Client the benefit of an increased asset total, which could cause account(s) to be assessed a lower advisory fee.

The independent qualified custodian holding Client funds and securities will debit Client accounts directly for the advisory fee and pay that fee to Redhawk. The Client provides written authorization permitting the fees to be paid directly from their account held by the qualified custodian. Further, the qualified custodian agrees to deliver an account statement monthly directly to the Client indicating all the amounts deducted from the account including Redhawk's advisory fees. Clients are encouraged to review their account statements for accuracy.

For held away accounts, fees can be invoiced and processed through a third-party nonaffiliated service, Bill & Pay. Clients will be asked to set up their bank account or credit card at Bill & Pay to enable credit card or ACH payments. While Bill & Pay allows firms like Redhawk to receive payments directly from the Client's credit card or bank account, it does not give Redhawk access to the bank account itself, nor to any of the Client's credit card or bank account information. Redhawk is not able to initiate any additional payments via Bill & Pay as agreed upon and outlined in the Agreement.

Redhawk will not require prepayment of more than \$1,200 in fees per Client, six (6) or more months in advance of providing any services. In no case are Redhawk's fees based on, or related to, the performance of funds or investments.

### **Financial Planning Fees**

Redhawk's Financial Advisors can provide comprehensive financial planning services that encompasses the Client's entire financial picture. The Financial Advisor will advise Clients on how to achieve their short-term and long-term financial goals. This may include saving for education, planning for retirement, and effectively managing taxes and insurance. The fee for financial planning typically ranges from \$250 - \$2,500 depending on the complexity and hours required. The fee for financial planning is on a flat rate per engagement basis and is due upon execution of the financial planning agreement. Clients can pay with a personal check made out to Redhawk or they can set up payment from their bank account or credit card with a third-party nonaffiliated service, Bill & Pay. While Bill & Pay allows firms like Redhawk to receive payments directly from the Client's credit card or bank account, it does not give Redhawk access to the bank account itself, nor to any of the Client's credit card or bank account information. Redhawk is not able to initiate any additional payments via Bill & Pay as agreed upon and outlined in the Agreement. Client will be entitled to a refund of unearned fees, if any, based upon the time and effort completed prior to termination of the Agreement. No refunds will be made after completion of the plan.

If Client circumstances or objectives change during the financial planning engagement, such that new information must be reviewed and incorporated into the recommendation, there may be an additional charge. If there is a substantial change during the project, the Advisor may require an amended Agreement. The fee set forth is for financial analysis and investment advisory services only and does not include any other professional services that may be required by Client to implement the recommendations made by Advisor.

### **Retirement Plan Fees**

#### **ERISA 3(21) Investment advisor and 3(38) Investment Management Services**

The plan sponsor will pay or shall cause the plan to pay to Redhawk an annual fee for these services. The fee will be charged either monthly or quarterly in arrears based on the plan's assets at the end of each calendar period or on a fixed fee basis. The plan sponsor can direct that these fees be charged to participant accounts or to be paid directly by the plan sponsor. Plan fees will be outlined in the Investment Management Agreement.

### **Administrative Services Provided by Orion Advisor Services, LLC**

Redhawk has contracted with Orion Advisor Services, LLC (referred to as "Orion") to utilize its technology platforms to support data reconciliation, performance reporting, fee calculation and billing, research, Client database maintenance, quarterly performance evaluations, payable reports, web site administration, models, trading platforms, and other functions related to the administrative tasks of managing Client accounts. Due to this arrangement, Orion will have access to Client accounts, but Orion will not serve as an investment advisor to Redhawk's Clients. Redhawk and Orion are non-affiliated companies. Orion charges Redhawk an annual fee for each account administered by Orion. Please note that the Redhawk advisory fee charged to the Client will not increase due to the annual fee Redhawk pays to Orion. The annual fee is paid from the portion of the management fee retained by Redhawk.

### **Additional Fees and Expenses**

In addition to the advisory fees paid to Redhawk, Clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks, and other financial institutions (collectively “Financial Institutions”). These additional charges include custodial fees, charges imposed by a mutual fund or ETF in a Client’s account, as disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Redhawk’s brokerage practices are described at length in Item 12, below.

### **GENERAL INFORMATION**

***Termination of the Investment Advisory Relationship:*** Clients may terminate investment advisory services obtained from Redhawk, without penalty, upon written notice within five (5) business days after entering into the Investment Management Agreement with Redhawk. The Client is responsible for any fees and charges incurred by the Client from third parties because of maintaining the account such as transaction fees, except as described above, for any investment transactions executed and account maintenance or custodial fees. Thereafter, a Client agreement may be canceled at any time, by either party, for any reason upon receipt of thirty (30) days written notice. The advisory fee will be pro-rated to the date of termination, for the month in which the cancellation notice was given and deducted from your account. Upon termination, the Client is responsible for monitoring the securities in their account, and Redhawk will have no further obligation to act or advise with respect to those assets. In the event of Client’s death or disability, Redhawk will continue management of the account until notified of Client’s death or disability and given alternative instructions by an authorized party.

***Mutual Fund and ETF Fees:*** All fees paid to Redhawk for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, redemption fees, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a Client may pay an initial or deferred sales charge as further described in the prospectus. A Client could invest in a mutual fund or ETF directly without Redhawk’s services and in that case, the Client would not receive the services provided by Redhawk which are designed, among other things, to assist the Client in determining which mutual fund or ETF are most appropriate to each Client's financial condition and objectives. Accordingly, the Client should review both the fees charged by the funds, Redhawk’s fees, and the Financial Advisor fees to fully understand the total amount of fees to be paid by the Client and to thereby evaluate the investment advisory services being provided.

***Household Fees:*** The investment management and Financial Advisor fees for wealth management Clients are based on all the accounts that pertain to all members of an immediate family or all related businesses of a company (“Household”).

***Grandfathering of Minimum Account Requirements:*** Clients are subject to Redhawk's minimum account requirements and investment advisory fees in effect at the time the Client entered the investment advisory relationship. Therefore, Redhawk's minimum account requirements will differ among Clients.

***Investment Advisory Fees in General:*** Clients should note that similar investment advisory services may be available from other investment advisors for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances does Redhawk require or solicit payment of advisory fees in excess of \$1,200 more than six (6) months in advance of services rendered.

**Limited Negotiability of Investment Advisory Fees:** Although Redhawk has established the fee schedule(s), Redhawk retains the right to negotiate alternative fees on a Client-by-Client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the Client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in an agreement between the Financial Advisor and each Client. Redhawk may group certain related Client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee. Discounts may be offered to family members and friends of associated persons of Redhawk.

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

Redhawk does not charge performance-based fees.

## **Item 7 - Types of Clients**

Redhawk provides investment advisory services to the following types of Clients through Financial Advisors and a Client must have a minimum of \$1,000 to \$100,000 depending on the account type and portfolio:

- Individuals
- Trusts
- Estates
- Charitable organizations
- Foundations
- Endowments
- Not-for-profit companies
- Retirement accounts
- Retirement plans
- Captive insurance companies
- Corporations or other businesses not listed above

Redhawk may make exceptions to the minimums.

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

### **METHODS OF ANALYSIS**

Redhawk continuously monitors the performance of accounts managed by third-party money managers and will assume discretionary authority to hire or fire the money manager where such action is deemed appropriate and in the best interest of the Client. Redhawk uses the following methods of analysis in formulating investment advice and/or managing Client assets.

Redhawk's Investment Committee ("RIC") meets on a weekly basis and operates under a formalized charter and set of policies and procedures outlined under the Redhawk Investment Provider Selection and Monitoring Methodology document. RIC is responsible for the selection, monitoring, and replacement of investments. Redhawk makes available to Clients' investments that have varied investment philosophies and strategies that cover fixed income, tactical managers, strategic allocation managers, and alternative investments encompassing a broad range of investment solutions.

**Frequency:** RIC is aware that the ongoing review and analysis of the investments is just as important as the initial selection. Investment performance will be monitored on a weekly basis, and it is at Redhawk's discretion to take corrective action by either terminating or replacing an investment if deemed appropriate at any time. RIC intends to evaluate investment performance from a long-term perspective and RIC makes available to Financial Advisors a communication that summarizes the opinions of the RIC for each investment offered to Clients. RIC also emails a recorded podcast to Clients on a weekly basis that includes commentary on the markets and changes that were made to the portfolios.

**Selection Criteria:** RIC will use the information submitted by the investment company as required under the Redhawk Investment Provider Due Diligence Request for Information ("RFI") document. RIC will review the information and decide using various criteria.

**Risk Tolerance:** Redhawk uses a third-party risk assessment application to understand the Client's risk tolerance. The risk assessment assists Financial Advisors with two critical tasks: (1) measuring the risk preferences of the Client, and (2) applying these preference measurements to portfolio selection. Once the risk tolerance of the Client has been determined, the Financial Advisor prepares an IPS for the Client.

**Nitrogen (Formerly Riskalyze):** Nitrogen technology assists financial planners in two critical tasks: (1) measuring the risk preferences of investors and (2) applying these preference measurements to portfolio selection. Nitrogen summarizes an investor's mean-variance risk aversion on a 99-point scale. In connection with this output, the Nitrogen tool "quantifies" the Client's indicated investment risk tolerance through the illustration of expected return (plus/minus) and investment volatility (investment variance), which uses past data to calculate expected variance.

**Risk-Guard:** Risk-Guard is a tactical asset allocation strategy whereby its main objective is to mitigate the drawdown risk of a Client's account. The Risk-Guard philosophy has three levels of risk:

1. **Risk On (offense)** – when the algorithms determine that the market is relatively calm. The Client's investment accounts are fully invested in the market with maximum equity exposure based on the risk objective of the portfolio.
2. **Risk Watch (defense)** – when the algorithms determine that the market is experiencing volatility and uncertainty. This is the most active stage of Risk-Guard™ and the algorithms are monitored daily. The allocations in the portfolios will start to reduce the equity exposure based on the risk objectives. The equity portion will shift from growth mode to defensive mode and will invest in defensive asset classes such as utilities, gold, healthcare, commodities, consumer staples, and energy depending on the momentum. The fixed income portion of the portfolio will migrate into short duration Treasuries and money market funds. The equity exposure can be reduced by as much as 85%.
3. **Risk Off (maintaining)** – when the algorithms determine that the market is experiencing significant volatility. The algorithms fully kick in and the allocations in the portfolios move to maintaining capital and invest in Treasuries or mutual funds.

**Monitoring:** The ongoing monitoring of investments is a regular and disciplined process. Monitoring confirms that the criteria remain satisfied and that an investment continues to be appropriate. The process of monitoring investment performance relative to specified guidelines will be consistently applied and frequent change of investments is neither expected nor desired. Monitoring will utilize some of the same selection criteria used in the selection analysis. Unusual, notable, or extraordinary events will be communicated to the Financial Advisor and Client on a timely basis. Examples of such events include investment manager or team departure, violation of

investment guidelines, material litigation against the firm, or material changes in firm ownership structure and announcements thereof.

RIC has established performance objectives for each investment. Investment manager performance will be evaluated in terms of an appropriate market index (e.g., the S&P 500 Index for the large-cap domestic equity manager), the relevant benchmark, or peer group (e.g., the large-cap growth mutual fund universe for a large-cap growth mutual fund). RIC will exercise discretion and reasonable judgment in the monitoring process. In fulfilling RIC's ongoing duty, certain indicators have been selected to assist in determining whether a particular investment remains a suitable investment.

Redhawk utilizes a quantitative monitoring process for the investments approved on the Redhawk investment platforms. Each month, Redhawk scores the investments by reviewing several key criteria for each investment. Below is a summary of the monitoring criteria.

**1. Approved (green)**

The investment has been approved by the committee without any restrictions other than a minimum account balance and suitability.

**2. Watch List (yellow)**

The investment can be placed on the watch list for any of the criteria listed below:

- a. The investment has scored in the replacement zone for the first time.
- b. The investment significantly underperforms without a justifiable rationale.
- c. The investment fails to achieve performance and risk objectives.
- d. The investment fails to maintain a consistent investment style.
- e. The investment, or the organization managing the investment, has a material change in the organization, investment philosophy, and/or personnel.
- f. The investment, or the organization managing the investment, is subject to any legal, Securities and Exchange Commission (SEC), and/or other regulatory agency proceedings.

**3. Restricted List (red)**

Once the investment has been placed on the watch list, the following restrictions can be placed on the investment.

- a. No restrictions.
- b. No new money restrictions:
  - i. The investment has scored in the replacement watch or replacement zone the last 3 months in a row.
  - ii. The investment has scored in the replacement watch or replacement zone more than the last 3 months in a row and has a Redhawk score of less than 5.

**4. Termination or Replacement**

An investment can be replaced or terminated based on the following criteria.

- a. The investment scored in the replacement zone 4 months in a row and has a Redhawk score of less than 5.
- b. The Redhawk Investment Committee may also remove any investment at any time and for whatever reason it deems appropriate.



### ***Signal Providers***

Redhawk does engage the services of unaffiliated and independent registered investment advisor(s) (“Signal Providers”) to receive buy and sell signals, research, or other information that Redhawk uses to manage a particular portfolio. Such Signal Providers will not act as fiduciaries with respect to any Client as they are engaged to provide market-related services to Redhawk. In providing individualized investment advice, Redhawk invests a Client’s assets in accordance with the IPS prepared by the Financial Advisor. All fees for Signal Providers are paid by Redhawk based on the assets invested in the portfolio.

From time-to-time, market conditions may cause Client accounts to vary from the established allocation. To remain consistent with the asset allocation guidelines established, Redhawk monitors Client accounts on an ongoing basis and rebalance to the original allocation, or if deemed beneficial, to a new allocation based on the then prevailing economic conditions and within the guidelines of the chosen investment strategy.

### **MUTUAL FUND DISCLOSURE**

Redhawk may include mutual funds and exchange traded funds, (“ETFs”) in its investment strategies. Redhawk’s policy is to purchase institutional share classes of those mutual funds selected for the Client’s portfolio. The institutional share class generally has the lowest expense ratio. The expense ratio is the annual fee that all mutual funds or ETFs charge their shareholders. It expresses the percentage of assets deducted each fiscal year for funds expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Some fund families offer different share classes of the same fund, and one share class may have a lower expense ratio than another share class. These expenses come from Client assets which could impact the Client’s account performance. Mutual fund expense ratios are in addition to Redhawk’s and the Financial Advisor’s fees, and Redhawk and the Financial Advisor do not receive any portion of these charges. Redhawk will instruct the custodian to exchange higher cost mutual funds that include a 12b-1 fee to the institutional share class. Many custodians will transfer these mutual funds at no cost to the Client and without having the Client incur a taxable event. Clients who transfer mutual funds into their accounts with Redhawk would bear the expense of any contingent or deferred sales loads incurred upon selling the mutual fund. If a mutual fund has a frequent trading policy, the policy can limit a Client’s transactions in shares of the fund (e.g., for rebalancing, liquidations, deposits, or tax harvesting). All mutual fund expenses and fees are disclosed in the respective mutual fund prospectus.

### **No-Transaction Fee (“NTF”) Mutual Funds**

When selecting investments for Clients’ portfolios Redhawk may choose mutual funds from the custodian’s NTF list. This means that the account custodian will not charge a transaction fee or commission associated with the purchase or sale of the mutual fund. The mutual fund companies that choose to participate in the custodian’s NTF fund program pay a fee to be included in the NTF program. The fee that a mutual fund company pays to participate in the program is ultimately borne by the owners of the mutual fund including Clients of Redhawk. Redhawk considers the expected holding period of the fund, the position size, and the expense ratio of the fund versus alternative funds when selecting a fund from the custodian’s list. Depending on the analysis and future events, NTF funds might not always be in the Client’s best interest.

### **INVESTMENT STRATEGIES**

Redhawk has agreements in place with investment companies and third-party money managers that have different investment philosophies to offer a full array of investments to Clients. The investment strategies need to be appropriate to the needs of the Client and consistent with the Client’s investment objectives, risk tolerance, and time horizons, among other considerations. The investments available cover the following investment strategies:

### ***Fixed Income Management***

Fixed income investments generally pay a return on a fixed schedule, though the amount of the payments can vary. Individual bonds may be the best-known type of fixed income security, but the category also includes bond mutual funds, ETFs, CDs, structured products, and money market funds.

### ***Tactical Asset Allocation Management***

An active management portfolio strategy that rebalances the percentage of assets held in various categories to take advantage of market pricing anomalies or strong market sectors. This strategy allows portfolio managers to create extra value by taking advantage of certain situations in the marketplace. It is an active strategy since the investment manager may return to the portfolio's original strategic asset mix when desired short-term profits are achieved. The investment manager may use fundamental, technical, and/or macroeconomic analysis in determining when and how to change the investments in the portfolio.

### ***Strategic Asset Allocation Management***

A passive portfolio strategy that involves periodically rebalancing the portfolio to maintain a long-term goal for asset allocation. At the inception of the portfolio, a target allocation is established based on expected returns. Because the value of assets can change given market conditions, the portfolio constantly needs to be re-adjusted to meet the policy. Asset allocation is an investment strategy that attempts to balance risk versus reward by adjusting the percentage of each asset in an investment portfolio according to the investor's risk tolerance, goals and investment time frame.

### ***Alternative Investments***

An investment that is not one of the three traditional asset types (stocks, bonds, and cash). Alternative investments include hedge funds, managed futures, real estate, structured products, commodities, and derivatives contracts. Alternative investments typically have a low correlation with those of standard asset classes. Redhawk only allows alternative investments that are stocks, mutual funds, ETFs, or structured products. Redhawk limits the percentage of assets a Client can invest in alternative investments to 10% of their total investable assets.

## **RISKS**

The strategies and investments may have unique and significant tax implications. Redhawk strongly recommends that Clients continuously consult with a tax professional prior to and throughout the investing of Client assets. Investing in securities involves risk of loss that Clients should be prepared to bear. Although investments are selected in a manner consistent with Client's risk tolerances, there can be no guarantee that the investments will be successful. Clients should be prepared to bear the risk of loss.

All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends, and other distributions), and the loss of future earnings. These risks include market risk, interest rate risk, issuer risk, and general economic risk. Regardless of the methods of analysis or strategies suggested for Clients particular investment goals, Clients should carefully consider these risks, as they all bear risks.

**Interest-rate Risk:** Fluctuations in interest rates may cause security prices to fluctuate. For example when interest rates rise, yields on existing bonds become less attractive, causing their prices 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 underlying circumstances. For example, political, economic, and social conditions may trigger market events.

**Management Risk:** An account is subject to the risk that judgments about the attractiveness, value, or potential appreciation of the account's investments may prove to be incorrect. If the selection of securities or strategies fails to produce the intended results, the account could underperform other accounts with similar objectives and investment strategies.

**Concentration Risk:** A portfolio that is less diversified across countries, geographic regions, sectors, or industries is generally riskier than more diversified portfolios. A portfolio that focuses on a single country, or a specific region, sector, or industry, is more exposed to that country's, regions, sectors, or industry's economic cycles, stock market valuations and political risks, among others, compared with a more diversified portfolio. The economies and financial markets of certain regions can be interdependent and may be adversely affected by the same 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.

**Issuer Risk:** A portfolio's performance depends on the performance of individual securities to which the portfolio has exposure. Changes to the financial condition or credit rating of an issuer of those securities may cause the value of the securities to decline or become worthless.

**Currency Risk:** Overseas investments, even if made by domestically based companies, 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.

**Income Risk:** A portfolio's income may decline when interest rates decrease. During periods of falling interest rates an issuer may be able to repay principal prior to the security's maturity ("prepayment"), causing the portfolio to have to reinvest in securities with a lower yield, resulting in a decline in the portfolio's income.

**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.

**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.

**Credit/Default Risk:** Debt issuers and other counterparties of fixed income securities or instruments may default on their obligation to pay interest, repay principal, or make a margin payment, or default on any other obligation.

**U.S. Economic Risk:** The United States is a significant trading partner with other countries. Certain changes in the U.S. economy may have an adverse effect on the economy and markets of other countries.

**Options Risk:** Certain types of option trading are permitted in order to generate income or hedge a security held in the program account; namely, the selling (writing) of covered call options or the purchasing of put options on a security held in the program account. Client should be aware that the use of options involves additional risks. The risks of covered call writing include the potential for the market to rise sharply. In

such case, the security may be called away and the program account will no longer hold the security. The risk of buying long puts is limited to the loss of the premium paid for the purchase of the put if the option is not exercised or otherwise sold by the program account.

**Alternative Risk:** Investments classified as "alternative investments" may include a broad range of underlying assets including, but not limited to, hedge funds, private equity, venture capital, commodities, and registered, publicly traded securities. Alternative investments are speculative, not suitable for all Clients, and intended for only experienced and sophisticated investors who are willing to bear the high risk 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 fund and none expected to develop; volatility of returns; potential for restrictions on transferring interest in the fund; potential lack of diversification and resulting higher risk due to concentration of trading authority with a single advisor; absence of information regarding valuations and pricing; potential for delays in tax reporting; less regulation and typically higher fees than other investment options such as mutual funds. Investing in a fund that concentrates its investments in a few holdings may involve heightened risk and result in greater price volatility.

**Structured Notes Risk:** Structured products are designed to facilitate highly customized risk-return objectives. While structured products come in many different forms, they typically consist of a debt security that is structured to make interest and principal payments based upon various assets, rates, or formulas. Many structured products include an embedded derivative component. Structured products may be structured in the form of a security, in which case these products may receive benefits provided under federal securities law, or they may be cast as derivatives, in which case they are offered in the over-the-counter market and are subject to no regulation. Investment in structured products includes significant risks, including valuation, liquidity, price, credit, and market risks. One common risk associated with structured products is a relative lack of liquidity due to the highly customized nature of the investment. Moreover, the full extent of returns from the complex performance features is often not realized until maturity. As such, structured products tend to be more of a buy-and-hold investment decision rather than a means of getting in and out of a position with speed and efficiency. Another risk with structured products is the credit quality of the issuer. Although the cash flows are derived from other sources, the products themselves are legally considered to be the issuing financial institution's liabilities. Most structured products are from high-investment-grade issuers only. Also, there is a lack of pricing transparency and there is no uniform standard for pricing, making it harder to compare the net-of-pricing attractiveness of alternative structured product offerings than it is, for instance, to compare the net expense ratios of different mutual funds or commissions among broker-dealers.

**Cybersecurity Risk:** In addition to the Material Risks listed above, investing involves various operational and "cybersecurity" risks. These risks include both intentional and unintentional events at Redhawk or one of its third-party counterparties or service providers, that may result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise Redhawk's ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access to Clients' information, including social security numbers, home addresses, account numbers, account balances, and account holdings. Redhawk has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including those certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because Redhawk does not directly control the

cybersecurity systems of its third-party service providers. There is also a risk that cybersecurity breaches may not be detected.

**Geopolitical Risk:** Are the risks associated with wars, terrorist acts, and tensions between countries that affect the normal and peaceful course of international relations. Geopolitical risk creates uncertainty. This weighs on economies and financial markets as decision-makers hold off from making major commitments. The outcome of geopolitical risk can drag down investment returns or even go so far as to remove the ability to withdraw capital from an investment.

**Digital Currency Risk:** Redhawk's use of digital currency in a Client's portfolio is limited only to publicly traded securities that passively or actively invest in digital currency assets, such as mutual funds or ETFs. The shares of mutual funds and ETFs are publicly quoted and may be bought and sold throughout the day through any brokerage account. Cryptocurrency (notably, bitcoin), often referred to as "virtual currency", "digital currency," or "digital assets," operates as a decentralized, peer-to-peer financial exchange and value storage that is used like money. If deemed appropriate, Clients may have exposure to bitcoin, a cryptocurrency. Cryptocurrency operates without central authority or banks and is not backed by any government. Cryptocurrencies (i.e., bitcoin) may experience very high volatility. Cryptocurrency is also not legal tender. Federal, state, or foreign governments may restrict the use and exchange of cryptocurrency, and regulation in the U.S. is still developing. The SEC has issued a public report stating U.S. federal securities laws require treating some digital assets as securities. Cryptocurrency exchanges may stop operating or permanently shut down due to fraud, technical glitches, hackers, or malware. Due to its relatively recent launch, bitcoin has a limited trading history, making it difficult for investors to evaluate investments in this cryptocurrency. It is possible that another entity could manipulate the blockchain in a manner that is detrimental to the bitcoin network. Bitcoin transactions are irreversible such that an improper transfer can only be undone by the receiver of the bitcoin agreeing to return the bitcoin to the original sender. Digital assets are highly dependent on their developers and there is no guarantee that development will continue or that developers will not abandon a project with little or no notice. Third parties may assert intellectual property claims relating to the holding and transfer of digital assets, including cryptocurrencies, and their source code. Any threatened action that reduces confidence in a network's long-term ability to hold and transfer cryptocurrency may affect investments in cryptocurrencies. Investments in cryptocurrencies are speculative investments that involve high degrees of risk, including a partial or total loss of invested funds. The shares of each cryptocurrency are intended to reflect the price of the digital asset(s) held by such cryptocurrency (based on digital asset(s) per share), less such cryptocurrency's expenses and other liabilities. Because each cryptocurrency does not currently operate a redemption program, there can be no assurance that the value of such cryptocurrency's shares will reflect the value of the assets held by such cryptocurrency, less such cryptocurrency's expenses and other liabilities, and the shares of such cryptocurrency, if traded on any secondary market, may trade at a substantial premium over, or a substantial discount to, the value of the assets held by such cryptocurrency, less such cryptocurrency's expenses and other liabilities, and such cryptocurrency may be unable to meet its investment objective.

## Item 9 - Disciplinary Information

Redhawk is required to disclose any legal or disciplinary events that are material to a Client's or prospective Client's evaluation of Redhawk's investment advisory business or the integrity of Redhawk's management. Redhawk's management personnel have no reportable disciplinary events to disclose.

## Item 10 - Other Financial Industry Activities and Affiliations

Redhawk always endeavors to put the best interest of its Clients first as part of Redhawk's fiduciary duty as a registered investment advisor; Redhawk takes the following steps to address this:

- Disclose to Clients the existence of all material conflicts of interest, including the potential for Redhawk and Redhawk employees to earn compensation from investment advisory Clients in addition to Redhawk's investment advisory fees.
- Disclose to Clients that they are not obligated to purchase recommended investment products from Redhawk employees or Redhawk affiliated companies.
- Collect, maintain, and document accurate, complete, and relevant Client background information, including the Client's financial goals, objectives, and risk tolerance; Redhawk's management conducts regular reviews of each new Client account to verify that all recommendations made are in the best interest of the Client.
- Require that Redhawk employees seek prior approval of any outside employment activity so that Redhawk may ensure that any conflicts of interests in such activities are properly addressed.
- Periodically monitor outside employment activities to verify that any conflicts of interest continue to be properly addressed by Redhawk.
- Educate Redhawk employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to Clients.

### **Broker Dealer**

Redhawk is not a broker/dealer, but some of its Investment Adviser Representatives ("IAR") are registered representatives of Silver Oak Securities, Inc. ("Silver Oak"), a full-service broker-dealer, member FINRA/SIPC, which compensates them for effecting securities transactions. When placing securities transactions through Silver Oak in their capacity as registered representatives, they will typically earn sales commissions. Because the IARs are dually registered with Silver Oak and Redhawk, Silver Oak has certain supervisory and administrative duties pursuant to the requirements of FINRA Conduct Rule 3040. Silver Oak and Redhawk are not affiliated companies. IARs of Redhawk spend a portion their time in connection with broker/dealer activities.

As a broker-dealer, Silver Oak engages in a broad range of activities normally associated with securities brokerage firms. Pursuant to the investment advice given by Redhawk or its IARs, investments in securities may be recommended for Clients. If Silver Oak is selected as the broker- dealer, Silver Oak and its registered representatives, including IARs of Redhawk, may receive commissions for executing securities transactions.

If Silver Oak is selected as the broker-dealer, the transaction charges may be higher or lower than the charges Clients may pay if the transactions were executed at other broker/dealers. Clients are under no obligation to purchase securities through IARs of Redhawk or Silver Oak.

Under the rules and regulations of FINRA, Silver Oak has an obligation to maintain certain Client records and perform other functions regarding certain aspects of the investment advisory activities of its registered representatives. These obligations require Silver Oak to coordinate with and have the cooperation of its registered representatives that operate as, or are otherwise associated with, investment advisers other than Silver Oak. Accordingly, Silver Oak may limit the use of certain custodial and brokerage arrangements available to Clients of Redhawk and Silver Oak may collect, as paying agent of Redhawk, the investment advisory fee remitted to Redhawk by the account custodian. Silver Oak may charge an administrative Fee to Redhawk and this charge will not increase the advisory fee you have agreed to pay Redhawk.

IARs of Redhawk, in their capacity as registered representatives of Silver Oak, or as agents appointed with various life, disability or other insurance companies, receive commissions, 12(b)-1 fees, fee trails, or other compensation from the respective product sponsors and/or as a result of effecting securities transactions for Clients. Clients have the right to decide whether or not to purchase any investment products through Redhawk's representatives.

### **Dually Registered Investment Advisors**

Some of Redhawk's Investment Adviser Representatives ("IAR") are IARs of another Registered Investment Advisor (RIA). These IARs are considered dually registered IARs. Certain states allow for dually registered IARs. Redhawk adheres to all state and federal regulation regarding dual registrations. Those IARs registered with another Registered Investment Advisor have certain supervisory and administrative requirements. Redhawk is a separate and unaffiliated entity. IARs of Redhawk spend a portion their time in connection with other RIA activities.

### **Insurance Services**

Personnel of Redhawk and Financial Advisors affiliated with Redhawk may act as agents for various insurance companies. As such, these individuals can receive separate, yet customary commission compensation resulting from implementing insurance product transactions on behalf of investment advisory Clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of investment advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the Client.

### **Redhawk Marketing Group, Inc.**

Redhawk Marketing Group, Inc. an affiliated under common ownership, is a licensed insurance agency with the State of Minnesota and licensed in various other states. Management personnel of Redhawk Wealth Advisors, Inc. are principal owners of Redhawk Marketing Group, Inc. ("RMG"). RMG provides marketing programs and insurance solutions to insurance agents and financial advisors. RMG receives insurance commissions and bonuses from insurance companies on the production of such insurance agents and financial advisors.

### **Tax Preparation Services**

Some of Redhawk's IARs also provide tax preparation services to individuals and corporations through separate and unaffiliated entities. The IARs will receive additional compensation for the tax services performed. Any compensation received from the tax preparation services do not offset advisory fees the Client may pay for investment advisory services under Redhawk. Clients should note that they have the right to decide whether to engage in tax preparation services offered by Redhawk's IARs and their unaffiliated entity.

### **Other Financial Affiliations**

An owner of Redhawk is also an IAR and owner of an unaffiliated registered investment advisor, Associated Retirement Planners ("ARP"). ARP refers business to Redhawk and uses Redhawk's portfolios for investment management of ARP Clients. ARP and Redhawk are committed to always act in its Clients' best interest. Both firms have adopted policies and procedures designed to ensure that it is always acting in the best interests of a Client and to mitigate any conflicts of interest.

Management personnel of Redhawk and Financial Advisors affiliated with Redhawk have authored books and may receive compensation for sales of books. These publications pertain to the financial services industry. The books and publications include:

- The TSP Millionaire, Ten Lessons for Becoming a TSP Millionaire, Rick Keast, 2021.
- Freedom to Soar, Your Guide to a Better Financial Outcome, Rick Keast, 2020.
- Build Wealth Like a Shark, Written by Kevin Harrington and Co-Author Dan Hunt, 2020.
- How to Become a 401(k) Millionaire, Rick Keast, 2023.

### **Outside Business Activities**

Additionally, management personnel of Redhawk and Financial Advisors affiliated with Redhawk may engage in outside business activities. As such, these individuals can receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of investment advisory Clients. Again,

Clients are not under any obligation to engage these individuals when considering implementation of these outside recommendations. The implementation of any or all recommendations is solely at the discretion of the Client.

Clients should be aware that the ability to receive additional compensation by Redhawk and its management persons or employees creates conflicts of interest that impair the objectivity of Redhawk and these individuals when making advisory recommendations. Redhawk and its IARs endeavor to always put the interest of its Clients first as part of its fiduciary duty as a registered investment advisor and take the following steps, among others, to address this conflict:

- Disclose to Clients the existence of all material conflicts of interest, including the potential to earn compensation from advisory Clients in addition to advisory fees.
- Disclose to Clients that they have the right to decide to purchase recommended investment products.
- Collect, maintain, and document accurate, complete, and relevant Client background information, including the Client's financial goals, objectives, and liquidity needs.
- Conduct a review of each new Client's advisory account to verify that all recommendations made to the Client are in the best interest of the Client's needs and circumstances.
- Require that its employees seek prior approval of any outside employment activity so that Redhawk may ensure that any conflicts of interests in such activities are properly addressed.
- Periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by Redhawk.
- Educate its employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to Clients.

Lastly, management personnel of Redhawk and Financial Advisors affiliated with Redhawk, may engage in outside business activities as business services consultants assisting businesses in providing payroll, human resource management, accountant, tax preparer and other business services. As such, these individuals can receive separate, yet customary commission compensation resulting from implementing these services. Again, Clients are not under any obligation to engage these individuals when considering implementation of these outside services. The implementation of any or all recommendations is solely at the discretion of the Client.

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

Redhawk has adopted a Code of Ethics which sets forth high ethical standards of business conduct that Redhawk require of its employees and is compliant with applicable federal securities laws.

Redhawk and its personnel owe a duty of loyalty, fairness, and good faith towards Clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code. Redhawk's Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by Redhawk's access persons. Among other things, Redhawk's Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Redhawk's Code of Ethics also provides for oversight, enforcement, and recordkeeping provisions.

Redhawk's Code of Ethics further includes the policy prohibiting the use of material non-public information. While Redhawk does not believe that it has any access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.



You may request a copy by sending an email to [compliance@redhawkwa.com](mailto:compliance@redhawkwa.com), or by calling Redhawk at 952-835-4295.

## **Item 12 - Brokerage Practices**

Redhawk generally recommends that Clients utilize Charles Schwab & Co., Inc. Advisor Services ("Schwab") and Hand Benefits & Trust ("HBT") (collectively "Custodian"), a registered broker-dealer, Member FINRA and SIPC, as the qualified Custodian. Redhawk is independently owned and operated and unaffiliated with the Custodian. The Custodian will hold Client assets in a brokerage account and buy and sell securities when Redhawk instructs them.

While Redhawk recommends that Clients use these Custodians, Clients must decide whether to do so and open accounts with the Custodian by entering into account agreements directly with the Custodian. The Client opens the accounts with the Custodian and the accounts will always be held in the Client's name and never in Redhawk's.

### **How Redhawk Selects Custodian-Broker**

Redhawk seeks to recommend a Custodian-Broker who will hold Client assets and execute the transactions on terms that are, overall, most advantageous compared to other available providers and their services. Redhawk considers a wide range of factors, including, among others:

- Combination of transaction execution and asset custody services (generally without a separate fee for custody).
- Capability to execute, clear, and settle trades (buy and sell securities for Client accounts).
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payments, etc.).
- The breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.).
- Availability of investment research and tools that assist in making investment decisions.
- Quality of services.
- Competitiveness of the price of those services (commission rates, other fees, etc.) and willingness to negotiate the prices.
- Reputation, financial strength, and stability.
- Prior service to Redhawk and its other Clients.
- Availability of other products and services that benefit Redhawk, as discussed below (see "Products And Services Available To REDHAWK From Schwab").

### **Client Brokerage & Custody Costs**

For Clients' accounts, the Custodian maintains and generally does not charge separately for custody services. However, the Custodian receives compensation by charging ticket charges or other fees on trades it executes or settling into Clients' Custodial accounts. In addition to commissions, the Custodian charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that Redhawk has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a Client's Custodial account. These fees are in addition to the ticket charges or compensation the Client pays the executing broker-dealer. Because of this, Redhawk has the Custodian execute most trades for Client accounts to minimize trading costs. Redhawk has determined that having the Custodian execute most trades is consistent with its duty to seek the "best execution" of Client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see How REDHAWK Selects Custodian-Broker).

## **Products and Services Available to Redhawk from Schwab**

Schwab Advisor Services™ (formerly called Schwab Institutional®) provides Redhawk and Clients with access to its institutional brokerage, trading, custody, reporting, and related services, many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help Redhawk manage or administer Clients' accounts; others help Redhawk manage and grow its business. Schwab's support services generally are available on an unsolicited basis and at no charge to Redhawk. These are typically considered soft dollar benefits because there is an incentive to do business with Schwab. Receiving soft dollar benefits creates a conflict of interest. Redhawk has established policies in this regard to mitigate any conflicts of interest. Redhawk believes the selection of Schwab as Custodian-Broker is in the Clients' best interests. Redhawk will always act in the best interest of Clients and act as fiduciary in carrying out services to Clients. The following is a more detailed description of Schwab's support services:

### **Services that Benefit Redhawk's Clients from the Custodian**

The Custodian's brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of Client assets. The investment products available through the Custodian include some Redhawk might not otherwise have access to or would require a significantly higher minimum initial investment by Redhawk's Clients. The Custodian's services described in this paragraph generally benefit Redhawk's Clients and their accounts.

### **Services that may not Directly Benefit Redhawk's Clients from the Custodian**

The Custodian also makes other products and services available that benefit Redhawk but may not directly benefit Clients or their accounts. These products and services assist Redhawk in managing and administering Clients' accounts. They include investment research, both Custodian's own and that of third parties. Redhawk may use this research to service all or a substantial number of Client's accounts, including accounts not maintained at the Custodian. In addition to investment research, the Custodian also makes available software and other technology that:

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

### **Services that Generally Benefit only Redhawk from the Custodian**

The Custodian also offers other services to help Redhawk manage and further develop its business enterprise.

These services may include, but are not limited to:

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

The Custodian may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to Redhawk. The Custodian may also discount or waive its fees for some of these services or

pay all or a part of a third party's fees. The Custodian may also provide Redhawk with other benefits, such as occasional business entertainment for Redhawk's personnel.

### **Redhawk's Interest in the Custodian's Services**

- The availability of these services from the Custodian benefits Redhawk because Redhawk does not have to produce or purchase them. These services are not contingent upon Redhawk committing any specific amount of business to the Custodian in trading commissions. Redhawk believes its selection of the Custodian and Broker is in the Client's best interests.
- Some of the products, services, and other benefits provided by the Custodian may benefit Redhawk and may not benefit its Client accounts. Redhawk's recommendation or requirement that Clients place assets in the Custodian's custody may be based, in part, on the benefits the Custodian provides to Redhawk or its Agreement to maintain certain Assets Under Management at the Custodian and not solely on the nature, cost, or quality of custody and execution services provided by the Custodian.
- Redhawk places trades for Clients' accounts subject to its duty to seek the best execution and other fiduciary duties. The Custodian's execution quality may be different from other broker-dealers.
- Redhawk does not routinely recommend, request, or require that the Client direct Redhawk to execute the transactions through a specified Custodian. Additionally, Redhawk typically does not permit the Client to direct brokerage. Redhawk places trades for Client accounts subject to its duty to seek the best execution and other fiduciary duties.
- Redhawk will aggregate trades for Redhawk or Redhawk's associated persons with Client trades, providing that the following conditions are met:
- Redhawk's policy for the aggregation of transactions shall be fully disclosed separately to its existing Clients (if any) and the broker/dealer(s) through which such transactions will be placed.
- Redhawk will only aggregate transactions if it believes that aggregation is consistent with Redhawk's duty to seek the best execution (which includes the duty to seek the best price) for the Client and is consistent with the terms of Redhawk's investment advisory agreement.
- No advisory Client will be favored over any other Client; each Client that participates in an aggregated order will participate at the average share price for all transactions in a given security on a given business day, with transaction costs based on each Client's participation in the transaction.
- Redhawk will prepare a written statement ("Allocation Statement") specifying the participating Client accounts and how to allocate the order among those Clients.
- If the aggregated order is filled in its entirety, it will be allocated among Clients per the allocation statement; if the order is partially filled, the accounts that did not receive the previous trade's positions should be "first in line" to receive the next allocation.
- Notwithstanding the preceding, the order may be allocated on a basis different from that specified if all Client accounts receive fair and equitable treatment. The reason for the difference in allocation will be documented and reviewed by Redhawk's Compliance Officer. Redhawk's books and records will separately reflect, for each Client account, the orders which are aggregated, and the securities held by and bought for that account.
- Redhawk will not receive additional compensation or remuneration of any kind because of the proposed aggregation; and
- Individual advice and treatment will be accorded to each advisory Client.

### **Trade Errors**

Redhawk has implemented procedures designed to prevent trade errors; however, trade errors in Client accounts cannot always be avoided. Consistent with Redhawk's fiduciary duty, it is Redhawk's policy 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 will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the Client may not be able to receive any gains generated as a result of the error correction. In all situations where the Client does not cause the trade error, the Client will be made whole and Redhawk will absorb any loss resulting from the trade error if the error was caused by Redhawk. If the error is caused by the custodian, the custodian will be responsible for covering all trade error costs. Redhawk will never benefit or profit from trade errors.

### **Brokerage for Client Referrals**

Redhawk does not receive Client referrals from any custodian or third party in exchange for using that custodian or third party.

### **Aggregation and Allocation of Client Transactions**

Redhawk may aggregate transactions if it believes that aggregation is consistent with the duty to seek best execution for its Clients and is consistent with the disclosures made to Clients and terms defined in the Client Agreement. No advisory Client will be favored over any other Client, and each account that participates in an aggregated order will participate at the average share price (per custodian) for all transactions in that security on a given business day.

Redhawk will aggregate trades for Redhawk or Redhawk's associated persons with Client trades, providing that the following conditions are met:

1. Redhawk's policy for the aggregation of transactions shall be fully disclosed separately to existing Clients (if any) and the broker/dealer(s) through which such transactions will be placed.
2. Redhawk will not aggregate transactions unless it believes that aggregation is consistent with Redhawk's duty to seek the best execution (which includes the duty to seek best price) for Clients and is consistent with the terms of Redhawk's Investment Management Agreement for which trades are being aggregated.
3. No advisory Client will be favored over any other Client; each Client that participates in an aggregated order will participate at the average share price for all Redhawk transactions in a given security on a given business day, with transaction costs based on each Client's participation in the transaction.
5. Redhawk will prepare a written statement ("Allocation Statement") specifying the participating Client accounts and how to allocate the order among those Clients.
6. If the aggregated order is filled in its entirety, it will be allocated among Clients in accordance with the allocation statement; if the order is partially filled, the accounts that did not receive the previous trade's positions should be "first in line" to receive the next allocation.
7. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all Client accounts receive fair and equitable treatment and the reason for difference of allocation is explained in writing and is reviewed by Redhawk's compliance officer. Redhawk's books and records will separately reflect, for each Client account, the orders of which aggregated, the securities held by, and bought for that account.
8. Redhawk will receive no additional compensation or remuneration of any kind because of the proposed aggregation; and
9. Individual advice and treatment will be accorded to each advisory Client.

### **Directed Brokerage**

Redhawk does not routinely require that Clients direct Redhawk to execute transactions through a specified broker dealer. Additionally, Redhawk typically does not permit Clients to direct brokerage. Redhawk places trades for Client accounts subject to Redhawk's duty to seek best execution and other fiduciary duties.

A retirement or ERISA plan Client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, Redhawk will request that plan sponsors who direct plan brokerage provide Redhawk with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

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

While the underlying securities within Clients' accounts are continually monitored, these accounts are reviewed at least annually by the Client's Financial Advisor. Accounts are reviewed in the context of the investment objectives and guidelines of each investment, the risk score, as well as any investment restrictions provided by the Client. 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.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that Clients receive from their custodian, Redhawk provides quarterly reports summarizing account performance and balances. These reports will also remind the Client to notify their Financial Advisor if there have been changes in their financial situation or investment objectives and whether they wish to impose investment restrictions or modify existing restrictions.

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

Affiliated or unaffiliated persons ("promoters") may, from time to time, refer, solicit, or introduce Clients to Redhawk. Redhawk may compensate certain promoters consistent with the requirements of applicable law and regulation, including the Advisers Act as well as applicable state/local laws and regulations. Redhawk may pay a promoter a recurring fee, a one-time fee, or a portion of the advisory fees or revenues that Redhawk earns for managing Client assets referred to Redhawk by the promoter. The costs of such referral fees are typically paid entirely by Redhawk and do not result in any additional fees to the Client.

Redhawk does not have any arrangements where compensation is received by Redhawk from any entity for Client referrals.

Redhawk may be asked to recommend a financial professional, such as an attorney, accountant, or mortgage broker. In such cases, Redhawk does not receive any direct compensation in return for any referrals made to individuals or firms in Redhawk's professional network. Clients must independently evaluate these firms or individuals before engaging in business with them and Clients have the right to choose any financial professional to conduct business. Individuals and firms in Redhawk's financial professional network may refer Clients to Redhawk. Again, Redhawk does not pay any direct compensation in return for any referrals made to Redhawk. Redhawk does recognize the fiduciary responsibility to place the Client's interests first and has established policies in this regard to mitigate any conflicts of interest.

### **Item 15 - Custody**

Any Financial Advisor having custody or access to Client funds or securities must comply with certain rules and regulations designed to protect the Clients' assets. Rule 206(4)-2 of the Investment Advisers Act of 1940 details strict requirements governing investment advisors that have "custody" over Client securities or funds. Redhawk meets the definition of having custody by being able to directly debit fees from Client accounts.

Redhawk does not have the authority to wire money without a Client's authorization and signature. Redhawk does not have physical custody of any Client funds and/or securities. Client funds and securities will be held with a bank, broker-dealer, or other independent qualified custodian. Clients will receive account statements from the independent, qualified custodian holding their funds at least quarterly. The account statement from Client's custodian will indicate the amount of investment advisory fees and Financial Advisor fees deducted from account(s) each billing cycle. Clients should carefully review statements received from the custodian. In addition to the statements that Clients receive directly from their custodian, Redhawk also sends performance reports directly to Clients on a quarterly basis. Redhawk urges Clients to carefully compare the information provided on the reports to ensure that all account transactions, holdings, and values are correct and current.

Redhawk receives an economic benefit from custodians in the form of the support products and services they make available to Clients that maintain their accounts. These products and services and how they benefit Redhawk, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability of the custodian's products and services to Redhawk is not based on giving particular investment advice, such as buying particular securities for its Clients.

### **Item 16 - Investment Discretion**

Clients may hire Redhawk to provide discretionary investment management services, in which case Redhawk places trades in a Client's account without contacting the Client prior to each trade to obtain the Client's permission. Redhawk's discretionary authority includes the ability to do the following without contacting the Client to:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell; and/or
- Determine which third-party money manager(s) to hire or fire.

Clients give Redhawk discretionary authority when they sign a discretionary agreement with Redhawk and may limit this authority by giving Redhawk written instructions. Clients may also change or amend such limitations by providing Redhawk with written instructions. Redhawk requires written authority to determine which securities and the amounts of securities that are bought or sold in a Client's account.

### **Item 17 - Voting Client Securities**

Redhawk does not vote proxies on behalf of Clients. Therefore, although Redhawk may provide investment advisory services relative to Client investment assets, Clients maintain exclusive responsibility for: (1) directing the way proxies solicited by issuers of securities beneficially owned by the Client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the Client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the Client copies of all proxies and shareholder communications relating to the Client's investment assets. Redhawk does not offer any consulting assistance regarding proxy issues to Clients. Redhawk will not forward any proxy materials received.

### **Item 18 - Financial Information**

Under no circumstances does Redhawk require or solicit payment of fees in excess of \$1,200 per Client more than six months in advance of services rendered. Therefore, Redhawk is not required to include a financial statement. As an investment advisory firm that maintains discretionary authority for Client accounts, Redhawk is also required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual obligations. Redhawk has no additional financial circumstances to report. Redhawk has not been the subject of a bankruptcy petition at any time during the past ten years.