

## **Heritage Wealth Management Group, Ltd.**

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March 16, 2024

### **FORM ADV PART IIA BROCHURE**

This brochure provides information about the qualifications and business practices of Heritage Wealth Management Group, Ltd. If you have any questions about the contents of this brochure, please contact us at 757-321-3725 ext. 205 or [Compliance@HWMGroup.com](mailto:Compliance@HWMGroup.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.

Additional information about Heritage Wealth Management Group, Ltd. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Heritage Wealth Management Group, Ltd. is 148459.

Heritage Wealth Management Group, Ltd. is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

March 16, 2024

### ***Summary of Material Changes***

**Heritage Wealth Management Group, Ltd.**'s brochure has been updated with the following material changes which have occurred since the last annual update of our brochure on 02/15/2023.

Peter Humphrey Bryan has retired from Heritage Wealth Management Group, Ltd as the President and Chief Compliance Officer, but remains a shareholder of the firm. (Item 4)

Kevin Patrick Hussey has assumed the role of President and Chief Compliance Officer of Heritage Wealth Management Group, Ltd and was awarded shares of equity in the firm. (Item 4)

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## **Advisory Business**

Form ADV Part 2A, Item 4

### **Advisory Business**

Heritage Wealth Management Group, Ltd. ("HWMG" or "We") was incorporated in the Commonwealth of Virginia on March 17, 2004. HWMG provides investment advisory services to various categories of institutional and individual clients. Generally, our services are implemented on a discretionary basis, managed by us through separate investments in equities, mutual funds, bonds, cash-equivalents, and other instruments. HWMG will provide investment consulting services that relate to matters such as allocation of assets among different classes, portfolio diversification, managing portfolio risk, and other general economic and financial topics. Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, etc.), detailed in each client's Investment Policy Statement and all managed accounts are maintained with an independent custodian.

### **Principal Owners:**

Full Legal Name	DE/FE/I	Title or Status	Date Title or Status Acquired	Control Person	PR	CRD # or SSN
Tekamp, Mark, Howard	Individual	Vice President, Chief Investment Strategist, Financial Advisor	11/2018	Yes	N	1056839
Hussey, Kevin, Patrick	Individual	President & Chief Compliance Officer	01/2024	Yes	N	6395126
Bryan, Peter, Humphrey	Individual	Shareholder	01/2024	Yes	N	1052911

### **Types of Services**

For the purposes of this document, a client may refer to an individual, a small or large business, or an institution (non-profit or other similar organization).

### **Written Acknowledgement of Fiduciary Status**

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

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and

- Give you basic information about conflicts of interest.

### **Investment Management Services**

Our services include a financial planning risk profile, a goals assessment, and an investment policy statement. We offer Financial Planning Services, the details of which are listed below.

Business planning, risk analysis and other consulting services may also be offered, possibly at additional cost.

Our investment management process begins with the client. We view each client as unique with goals and objectives specific to themselves. Some of the best insights we capture in how to best manage a client's financial assets flow from their life story, their investment background, their investment decision making process, their sources of information, etc. We start by listening.

We also understand that our clients harbor attitudes and beliefs relating to investments and the financial markets that we may not agree with but it is important that we are aware of them because it is the client's world that we are being asked to enter into rather than their entering into ours.

### **Investment Selection Services**

Investment Selection may refer to individual investments, a specific portfolio model, selection of individual mutual funds, money managers, or other advisers or sub-advisors. These decisions are guided by a client's total net worth, a client's general Investment Policy Statement and specific investment Policy Decisions. We believe we may be entering into an era in which what has worked in the past may not work well in the future. We therefore may seek, from time to time, to broaden the universe of standard equity and fixed income assets to include less commonly used asset classes including commodities, currencies, real estate and other assets.

We adopt a high altitude approach in understanding the macro environment and we believe that this is very important in constructing our client's investment portfolios. We don't believe that there are so much good investments and bad ones, but rather that there are economic environments which are conducive to the employment of certain assets and that if we understand the environment, it improves the likelihood that what we are doing will work well.

We acknowledge that the client's portfolio return is ultimately dependent upon various markets and the returns of those markets are what they are. Every single expense involved in creating those returns is a reduction in the client's rate of return. The cost of investing needs to be minimized if our client's returns are to be maximized. Our advisory fees need to appropriately compensate us for the value which we create but we strive to minimize any other expense to the maximum extent possible.

### **Financial Planning Services**

HWMG provides financial planning services in addition to investment management. Provided services may include, but are not limited to, investment planning, retirement planning, financial planning, personal tax planning, trust & estate planning, insurance planning, debt analysis, divorce planning, college planning, compensation and benefits planning, tax planning, and the preparation of financial analyses and personal financial statements reflecting net worth, cash flow planning and income tax projections, business planning, and risk analysis. We may refer client to third party vendors for more specialized consulting services who may charge fees which are outside of HWMG's purview.

HWMG may collect additional pertinent data from the clients through personal interviews and written questionnaires. A written summary of this data may be provided to the clients, upon request, highlighting specific preliminary recommendations regarding their individual needs.

Financial planning services are included as part of our Advisory services for clients who sign an investment management agreement and place assets under HWMG's management. For clients who only want a financial

plan, fees for Financial Planning Services may range from \$800 to upwards of \$5,000 per plan/year, or more. The fixed fee will be negotiated with the client prior to performing any service. Such fees shall be collected as follows: ½ of the fee will be due and payable, when the financial planning contract is executed. The other ½ of the fee will be collected when the financial plan is completed and delivered. Fees for Financial Planning Services may be waived should the financial planning client choose to retain HWMG for ongoing Investment Management services.

A client may cancel the financial planning agreement and receive a full refund if HWMG is notified within five business days after signing an agreement. If cancellation occurs thereafter, the client is responsible only for expenses incurred to that point. In such an event, an itemized invoice will be provided documenting the expenses that have been incurred.

### **Financial Education Services**

At HWMG, we believe that a well-educated, financially literate, and well-informed client is not only in our best interest, but also in the best interest of each client as well. It is to this end that we may occasionally host seminars. From time to time we may also provide, through our Website, LinkedIn and Facebook pages, additional materials such as basic financial education pieces, market commentaries, articles of general interest related to our firm, and links to other publicly available articles and industry sources.

### **Wrap Fee Programs**

HWMG does not currently provide portfolio management services for, or participate in, any Wrap Fee type programs of any kind.

### **Managed Client Assets**

	<b>Asset Under</b>	<b>Number of Accounts</b>	<b>Calculation Date</b>
<b>Discretionary Assets:</b>	\$ 137,526,477	513	31 December 2023
<b>Non-Discretionary</b>	\$ 19,172,554	24	31 December 2023
<b>Total Assets:</b>	<b>\$ 156,699,031</b>	<b>537</b>	<b>31 December 2023</b>

## ***Fees and Compensation***

### **Form ADV Part 2A, Item 5**

### **Compensation - Advisory Fees**

HWMG compensation for investment advisory services is based upon a percentage of assets under management. The compensation method is set forth in the investment management agreement, is detailed below, and is agreed to by clients before any services are rendered.

HWMG employs a Forward Billing Fee Model based on the ending balance of an account [or account billing group] at the end of each quarter. We use the Tier Method which is a blended-fee calculation based upon the client's total assets. Fees are billed at the beginning of each quarter, in advance, and calculated on the value of the entirety of assets for which the Adviser is providing counsel as of the last day of the previous calendar quarter. Fees are based on the following schedule:

<b>Assets</b>	<b>Fee Percentage</b>
First \$250,000	1.20%
Next \$250,000	1.00%
Next \$2 million	0.85%
Next \$2.5 million	0.75%
Next \$5 million	0.65%
Next \$10 million	0.45%

Over \$20 million

0.35%

For example, using the above schedule, a client with total assets of \$10 million would be charged a blended rate of .74%.

There is an account minimum fee of \$750 per quarter, which may be waived by HWMG in its discretion.

Fees may also be negotiated individually with some clients and may differ from the fees shown in the table, depending on portfolio size, the types of the investments, the services required, and the longevity of the account. In some circumstances, negotiated fees may result in different fees being charged for similar services and possibly on a different billing cycle, but they will in no case exceed the maximum fee shown in the table above. The negotiated fees percentage and variation from the standard billing cycle (if any) will be indicated in the space provided in the IMA Addendum to Exhibit II – Fee Structure. Adviser may change the Fee Schedule upon thirty (30) days prior written notice. In the event of the termination of this agreement, any fees charged will be prorated to the date of termination, and fees will be assessed through the date of termination. A refund, if any is due, will be refunded to the client(s) within thirty (30) days of the effective date of termination of the relationship with HWMG.

HWMG will NOT be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of the Account(s).

Although great care is taken by HWMG in each fee billing cycle, clients should be aware of their responsibility to verify the accuracy of the fee calculation submitted to the custodian(s) by HWMG. The custodian is not able to determine whether the advisory fee has been calculated properly. HWMG will not be compensated on the basis of the investment performance of clients' account(s), of a share of the capital gains upon, or capital appreciation of, the investments, or of any funds of the clients'.

#### **Fee Billing Practices**

Fees are deducted directly from the clients' brokerage account(s) pursuant to a written agreement. Advisory fees are paid quarterly in advance and calculated using the value of the assets in the clients' account(s) on the last business day of the prior billing period, except as noted above in some circumstances. Once calculated, a trial run of fees for all accounts is prepared. It is reviewed for accuracy prior to being transmitted to the custodian for debiting from client accounts. Once the fees are debited and all accounts have been reconciled, a billing statement is posted to the client's online document vault for their review.

In the event a client chooses to pay their advisory fees directly (while the option is available, no current client has elected this method) the clients' account(s) are not directly debited. Clients' will be sent an invoice and they may pay the amount owed directly via personal check, wire transfer or ACH transfer into the HWMG bank account. These transactions will not be reflected in the custodian account statements but the invoicing and payment will be recorded in the billing and performance software to accurately reflect the inclusion of fee payments in the overall performance data for the clients' portfolio.

#### **Other Fees and Expenses**

The asset based management fees charged by HWMG are for advisory services only and do not include other costs that the client may incur including but not limited to, transaction fees, commission or other management fees charged by account custodians, and other un-affiliated third parties.

The client should be aware that account(s) assets invested in shares of mutual funds or other investment companies ("funds") will be included in calculating the value of the account(s) for purposes of computing HWMG's advisory fees. The same assets will also be subject to additional fees and expenses, as set forth in the prospectuses of those funds, paid by the funds, but ultimately borne by the investor.

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- HWMG advisory fees are separate and distinct from fees charged by mutual funds, and other investment companies which may be recommended to clients.
- A description of these additional fees and expenses are available in a fund's prospectus.

### **Advisory Fees Calculations**

Advisory fees are charged quarterly, in advance, based on the values of assets at the close of business on the last day of the previous quarter(except as noted above.) Investment advisory services begin with the effective date of the Investment Management Agreement (the "Agreement"), which is the date the client signs the Agreement. In any partial calendar quarter, the advisory fee will be pro-rated based upon the number of days that the account(s) was open during the quarter. The Adviser shall not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of client. The fee schedule is set forth in the clients' Investment Management Agreement, and is disclosed above.

### **Termination of Investment Management Agreement**

The client may cancel the Agreement without penalties, or fees, within the first five days after signing the agreement.

Either HWMG or the client may terminate the agreement at any time, without penalty, upon at least 30 days written notice to the other party. Upon notification of intention to terminate this agreement, transactions in progress will be completed in the normal course of business, an effective date of termination will be calculated, any prepaid advisory fees charged will be prorated to the effective date of termination, and a refund of that portion of any prepaid advisory fees which have yet to be earned by HWMG, if any is due, will be refunded to the client(s) within thirty (30) of the effective date of termination.

The effective date of termination will generally be calculated to be the date HWMG received the notification of intention to terminate the agreement plus 30 days. The client is responsible to pay for any services rendered until the effective termination date of the agreement.

### **Additional Compensation**

Neither HWMG, nor its representatives accept compensation for the sale of securities or other investment products.

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

Form ADV Part 2A, Item 6

HWMG does not charge any performance based fees.

## ***Types of Clients***

Form ADV Part 2A, Item 7

**HWMG generally provides investment advice to:**



A. Individuals



E. Trusts, estates, or Charitable organizations



- |   |   |
|---|---|
| <input type="checkbox"/> B. Banks or thrift institutions                | <input checked="" type="checkbox"/> F. Corporations or others business entities |
| <input type="checkbox"/> C. Investment companies                        | <input type="checkbox"/> G. Other (describe below)                              |
| <input checked="" type="checkbox"/> D. Pension and profit sharing plans |   |

**Conditions for Management of Accounts:** HWMG has an account minimum fee of \$100 per quarter, which may be waived by HWMG in its discretion.

### ***Methods of Analysis, Investment Strategies and Risk of Loss***

Form ADV Part 2A, Item 8

**Sources of security analysis methods include:**

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> 1. Charting             | <input checked="" type="checkbox"/> 4. Secular   Cyclical Market Pattern Recognition |
| <input checked="" type="checkbox"/> 2. Fundamental Analysis | <input checked="" type="checkbox"/> 5. Quantitative Analysis                         |
| <input checked="" type="checkbox"/> 3. Technical Analysis   | <input type="checkbox"/> 6. Other (describe below)                                   |

Charting, fundamental analysis, and technical analysis are all very common, time tested, and generally accepted forms of analysis and market research. Therefore HWMG does not believe that significant risk factors should be attributed to these sources of security analysis. Quantitative Analysis is becoming more widespread and represents an entire body of work that is much more difficult to define and explain. It has grown out of our desire to quantify the changes that we observe in a variety of indices and indicators over time, and to distill those many observations down to fewer and fewer bits of meaningful, and useful data. Data that we have found to be useful in helping us make portfolio | investment decisions.

Secular and Cyclical Bullish and Bearish Patterns, while less prevalent, have become very important to HWMG since the highs and lows of 2007 and 2008. The wide swings between the highs of 2007, and lows of 2008 (and early 2009), and the associated increased volatility, made it necessary for us to introduce another component to our analysis. That component is very simply this: to recognize the type of market we are operating within. Secular (long term) bull markets seem to behave very differently than secular bear markets. The same holds true for cyclical (shorter term) bull and bear markets, but to a lesser degree. Cyclical bull | bear behavior are different from each other, and they are very different from their secular counterparts.

Maybe it is that investors behave very differently (enter emotions) in these differing scenarios, but if investors drive market forces through supply and demand for investments, there may be very little difference. In either event, if markets begin to behave differently, we would be wise to recognize that fact as soon as possible, and to adjust our behavior (investing style, investing goals) appropriately as a result.

**Sources of information uses include:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> 1. Financial newspapers and magazines  | <input checked="" type="checkbox"/> 5. Timing services                         |
| <input checked="" type="checkbox"/> 2. Inspections of corporate activities | <input checked="" type="checkbox"/> 6. Annual reports, prospectus, SEC filings |

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> 3. Research materials prepared by others | <input checked="" type="checkbox"/> 7. Company press release |
| <input checked="" type="checkbox"/> 4. Corporate rating services             | <input type="checkbox"/> 8. Other (describe below)           |

HWMG does not believe that significant or unusual risks are associated with these various methods of analysis, and sources of information.

**Investment strategies used to implement any investment advice provided for clients:**

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> 1. Long term purchases  | <input type="checkbox"/> 5. Short sales                    |
| <input checked="" type="checkbox"/> 2. Short term purchases | <input checked="" type="checkbox"/> 6. Margin transactions |
| <input checked="" type="checkbox"/> 3. Trading              | <input type="checkbox"/> 7. Other (describe below)         |
| <input checked="" type="checkbox"/> 4. Model portfolios     |  |

HWMG believes in the long term viability of stock markets to deliver superior returns over time. While not all asset classes deliver superior returns all the time, all assets classes deliver superior returns during certain periods of time. Stocks (equities) have shown a dramatic ability to deliver superior results more often than other assets classes. Asset allocation is key in this regard, to help mitigate portfolio risk.

Beyond asset allocation, some other strategies are listed above. None of which should be considered a panacea by themselves, and each strategy comes with it own negative traits, or risks.

- Long term purchases can work against you in a bear market.
- Short term purchases and sales can work against you in a bull market, and can cost more in commissions, other fees, and taxes.
- Short term trading, while not a major strategy of HWMG, can also work against you in a bull market, and may cost significantly more in commissions, other fees, and may also result in a significant increase in taxes.
- Margin transactions, while helpful at times to create some needed liquidity without the need to sell securities immediately, may indeed have extremely negative consequences if used improperly, or to excess.

But each of these strategies have positive traits as well, and when used in certain combinations, during various market and business cycles, or during difficult economic cycles, the positive traits of one overshadow the negative traits of another. The concept of synergy is also very effective tool for portfolios.

**Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. HWMG does not guarantee the future performance of the account(s) or any specific level of performance, the success of any investment decision or strategy that HWMG may use, or the success of HWMG's overall management of the account(s). Investment decisions made for client's account(s) by HWMG are subject to various market, currency, economic, political and business risks, and such investment decisions may not always be profitable. The price of securities can and will fluctuate, and any individual security may become worthless from time to time.

**Liability Risk.** Generally, HWMG will not be liable for:

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- any loss that a client may suffer by reason of any investment decision made or other action taken or omitted in good faith by HWMG with that degree of care, skill, prudence, and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use;
- any loss arising from HWMG's adherence to a client's written or oral instructions; or
- any act or failure to act by the custodian, any broker or dealer to which HWMG directs transactions for the account(s), or by any other third party.

Federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith, and therefore nothing herein shall in any way constitute a waiver or limitation of any rights that a client may have under applicable federal or state laws.

### ***Disciplinary Information***

Form ADV Part 2A, Item 9

HWMG, its officers, and management persons, do not have any current or historical disciplinary events.

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

Form ADV Part 2A, Item 10

HWMG, its employees, management persons, or other supervised or related persons are not registered, and do not have applications pending to register, as a broker-dealer or a registered representative of a broker-dealer.

HWMG, its employees, management persons, or other supervised or related persons are not registered, and do not have applications pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

HWMG does not receive, directly, or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

Form ADV Part 2A, Item 11

#### **Code of Ethics**

The HWMG Code of Ethics (The "Code") is predicated on the principle that HWMG owes a fiduciary duty to its clients. Accordingly, HWMG, its employees, management persons, or other supervised or related persons must avoid activities, interests, and relationships that run contrary (or appear to run contrary) to the best interests of our clients. At all times HWMG, et al will:

- Place client interests ahead of HWMG's,
- Engage in personal investing that is in full compliance with the Code of Ethics,
- Avoid taking advantage of their position, and

- Maintain full compliance with applicable federal, and state, securities laws.

HWMG is committed to fostering a culture of compliance. HWMG therefore urges any person to contact the Chief Compliance Officer about any actual, or suspected, compliance matter. All reported Code violation will be treated as having been made on an anonymous basis.

A copy of HWMG's Code of Ethics shall be provided to any client or prospective client upon request.

**HWMG Recommending, Buying and/or Selling Securities in Which HWMG, or a Related Person, has a Material Financial Interest**

HWMG permits its employees to engage, on a limited basis, in personal securities transactions. To avoid any potential conflicts of interest involving personal trades, The Code includes formal insider trading, information barriers, and personal security transactions policies and procedures. HWMG's Code of Ethics also requires employees to: (1) pre-clear certain personal securities transactions, (2) report personal securities transactions on at least a quarterly basis, and (3) provide HWMG with a detailed summary of holdings (both initially upon commencement of employment and annually thereafter) over which the employee has a direct or indirect beneficial interest.

HWMG, its employees, management persons, or other supervised or related persons do not currently: (1) buy or sell securities, as principal, to or from any clients, (2) solicit client investments into any related entity, or (3) act as an investment advisor to any investment company which we recommend to clients.

**HWMG, or a Related Person, Investing in the Same (or related) Securities as Clients (before, after, or at about the same time)**

HWMG permits its employees to engage, on a limited basis, in personal securities transactions. To avoid any potential conflicts of interest involving personal trades, The Code includes formal insider trading, information barriers, and personal security transactions policies and procedures. HWMG's Code of Ethics also requires employees to: (1) pre-clear certain personal securities transactions, (2) report personal securities transactions on at least a quarterly basis, and (3) provide HWMG with a detailed summary of holdings (both initially upon commencement of employment and annually thereafter) over which the employee has a direct or indirect beneficial interest.

***Brokerage Practices***

Form ADV Part 2A, Item 12

**Factors For Selecting or Recommending Broker/Dealers**

HWMG is not directly compensated on the basis of fees, or commissions, or any other charges that may be charged by broker/dealers, mutual fund companies, banks, or any other custodial relationships where clients' assets may be held. Therefore our interests in selecting a broker/dealer, or any other custodian, are not financially motivated, but are in the best interests of our clients. HWMG considers the following characteristics important: low fees, low commissions, financial strength, institutional quality, technological innovation, financial industry leadership, economies of scale, and an ethical reputation.

Absent an existing brokerage, or custodian, relationship HWMG will assist clients with developing a relationship with a broker, or custodian, that the Advisor has a relationship with which may include one or all of the following: Pershing Advisor Solutions, LLC, The Capital Group Companies ("American Funds - 529 Plans"), Nationwide Advisory Solutions Business ("Nationwide Advisory Retirement Income Annuity"), Advisors Asset Management ("AAM")

HWMG will make these recommendations based on the needs of the client, and the services provided by the broker/custodian such as: the ability to execute trades, margin rates, on-line access to accounts, transaction charges, consolidated reporting, duplicate monthly statements, access to mutual funds, including lower sales charges than for direct purchases, and lower minimum purchase amounts.

#### **Research and Other “Soft Dollar” Benefits**

Pershing Advisory Services, LLC offers basic services, to independently registered investment advisors, which include custody of securities, trade execution, and clearance and settlement of transactions. While there are no direct affiliations or fee sharing arrangements between Pershing, or its other custodians, and HWMG, economic benefits may be received by HWMG which might not be received if HWMG did not have this established relationship with Pershing or its other custodians. These benefits do not depend on the amount of transactions directed by HWMG to Pershing, or its other custodians.

These benefits may include: web-based platforms, a dedicated trading desk that services HWMG’s clients, a dedicated service group and an account services manager dedicated to HWMG’s accounts, access to a real time order matching system, ability to block client trades, electronic download of trades, access to portfolio management software, access to an electronic interface, duplicate and batched client statements, confirmations and year-end summaries, the ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements), monthly, or quarterly, newsletters, ongoing email alerts, access to mutual funds, ability to have loads waived for HWMG’s clients who invest in certain loaded funds when certain conditions are met and maintained, and the ability to have custody fees waived.

HWMG, may also qualify to receive discounts on other service as well, which may include, compliance, marketing, technology, coaching, and other practice management products or services which may be provided to HWMG by third party vendors. Any benefits received by HWMG, or its associated persons, do not depend on the amount of brokerage transactions directed to Pershing, or its other custodians ([Please see the disclosure under Item 14 below](#)).

#### **Economic Benefits – “Soft Dollar”**

When HWMG states that it may receive economic benefits from a custodian by providing investment advice to clients of that custodian, we mean that we may receive a discounted price for the cost of a product or service, or we might receive a certain product or service gratis. Effectively, the revenue received by the custodian from its clients, and our clients, pays for cost of the product, service, or discount we may receive.

- It may appear that HWMG may have a conflict of interest, or an incentive to select, or recommend, a broker/dealer based on an interest in receiving research, other products or services, or discounts, rather than on our clients’ best interests.
- HWMG does not knowingly cause its clients to pay higher commissions, or other fees, than those charged by other broker-dealers in exchange for economic benefits.
- Any economic benefits which may be received by HWMG would be made available to service all client accounts equally. No attempt would be made to ration, or allocate, specific benefits toward, or away, from any client accounts, or groups of accounts.
- HWMG did not knowingly, or specifically, acquire any type of product, or service from any custodian, using the “buying power” of client’s commissions within our last fiscal year (except such economic benefits provided by custodians via their web-based platforms as listed above).
- HWMG does not direct client transactions to a particular broker/dealer in exchange for economic benefits received. Client transactions are handled by the direct custodian of the account unless we determine it to be in the best interest of the client(s), or the account(s), to do otherwise.

### **Portfolio Transactions & Directed Brokerage**

Unless otherwise authorized or directed, Adviser reserves the right to choose any broker-dealer through which to execute client's securities transactions consistent with Adviser's fiduciary duty to obtain best execution. In selecting a broker-dealer, Adviser may consider, among other things, the broker or dealer's execution capabilities, reputation and access to the markets for the securities being traded. When placing client's trades, Adviser is authorized to consider the fact that a broker or dealer has provided Adviser with products or services related to the investment research and portfolio management process. A client may direct HWMG, in writing, to utilize a particular broker/dealer to execute some or all transactions for client's account(s). This phenomenon is called Directed Brokerage, and it involves having a separate directed brokerage account at a broker/dealer of a client's choosing. In such circumstances, the client is responsible for negotiating the terms and arrangements for the account(s) with that broker/dealer. In addition, HWMG will not be able to seek better execution services or prices from other broker/dealers or be able to aggregate client's transactions, for execution through other broker/dealers, with orders for other account(s) advised or managed by HWMG. As a result, Adviser may not obtain best execution on behalf of the client, who may pay materially disparate commissions, greater spreads or other transaction costs, or receive less favorable net prices on transactions for the account(s) than would otherwise be the case. A client's written instructions to direct brokerage to a specific broker or dealer are set forth in the client's Investment Management Agreement.

- Clients that restrict us to using a particular broker/dealer (or direct us to use a particular broker/dealer) for executing their transactions may be disadvantaged because we will generally execute orders for non-directed clients before we execute orders for clients that use a directed brokerage account.

### **Order Aggregation – Block Trades**

HWMG has the ability to aggregate buy and/or sell orders via block trades through its agreement with its custodians. HWMG may utilize this feature when buying, or selling many shares of the same securities across multiple clients' account(s) simultaneously. The main reason for using this feature is that all clients would receive the exact same price for that trade. Because the custodians are discount broker/dealers, there is no benefit with respect to the lowering of commissions.

Orders will not be aggregated for non-discretionary accounts, or in situations whereby the client trade orders are executed on an individual, account by account basis. The only cost to the clients, in this scenario, would be a marginal differential in the cost per share of the security involved in the trade. The commission in this scenario would be exactly the same as the block trading scenario.

## ***Review of Accounts***

Form ADV Part 2A, Item 13

### **Periodic Reviews**

For those clients to whom HWMG provides investment management and supervisory services, account reviews are conducted on an ongoing basis by one of HWMG's Principals. Generally, client accounts are reviewed, with clients, no less frequently than annually, by the HWMG representative responsible for managing the account(s). These reviews are designed to monitor and analyze client transactions, positions, and changes in asset allocation. Particular attention is given to changes in fundamentals, market and industry outlook, and investment performance in relation to specified benchmarks.

All clients are advised that it remains their responsibility to advise HWMG of any changes in their investment objectives and/or their financial situation.

#### **Other than Periodic Reviews**

HWMG may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objective and/or financial situation, market corrections, and client requests. Other triggers include factors such as asset allocation balance, style drift, and shifting risk parameters.

The HWMG Investment Committee monitors several Model Portfolios, with substantially similar asset allocations and holdings as clients' account(s), typically on a monthly basis, but in some cases weekly or even daily, depending on market conditions. Current technologies make this type of monitoring simple, efficient, and effective. If the prices of any monitored security change by a specified amount, either to the upside or to the downside, within any given period, we take note.

In monitoring any unusual movements for specific securities, spotting outliers is not necessarily a call to a specific action, but more of a call to attention. Reviews for certain Portfolios may be triggered based on the frequency, or the intensity, of these anomalous movements.

#### **Periodic Reporting & Valuation**

HWMG is very diligent in its efforts to establish specific nomenclature with respect to reports and statements which clients receive regarding their accounts. Account Statements are provided by account custodians, are account related, balance oriented, transaction focused, and are usually valued as of a certain date. An Account Statement usually covers one account. Client Reports are provided by HWMG, are portfolio related, performance oriented, relationship focused, and usually cover various ranges of dates. A Client Report usually covers an entire portfolio.

HWMG will provide clients with Regular Quarterly Client Reports which will report on positions held in the account(s), portfolio values, and an analysis on portfolio performance. Subject to the client's custodial agreement, clients also receive Regular Monthly Account Statements confirming account transactions, positions and activity. Account Statements (written) and the Client Reports (written) may be mailed, or delivered electronically if the client elects this option. Both Account Statements, and Client Reports are available to clients via secure websites any time the client logs in to the appropriate website portal.

Clients are encouraged to confirm Client Report accuracy with Account Statement balances. Although the accuracy of Client Reports are usually quite impressive, clients are informed that in cases where there may be discrepancies between the two reporting systems, the Account Statements, which are generated by the Account Custodians, represent the official and true representation of asset valuations.

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

Form ADV Part 2A, Item 14

#### **Economic Benefits for Providing Investment Advice, or Other Advisory Services**

There is no direct link between HWMG's participation in Pershing Advisory Services and the investment advice it gives to its clients, although HWMG receives economic benefits through its custodial relationship with Pershing. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving HWMG participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts);



the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to HWMG by third party vendors.

As part of its fiduciary duties to clients, HWMG endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by HWMG or its related persons in and of itself creates a potential conflict of interest and may indirectly influence HWMG's choice of Pershing for custody and brokerage services.

#### **Direct, or Indirect Compensation for Client Referrals**

HWMG does not receive client referrals from Pershing. Consequently, HWMG receives no direct or indirect compensation from Pershing and no potential conflicts of interest are created.

Pershing Advisory Services LLC is independent of and unaffiliated with HWMG and there is no employee or agency relationship between them. Pershing does not supervise HWMG and has no responsibility for HWMG's other advice or services.

#### **Solicitors/Promoters**

HWMG compensates SmartAsset as a lead generator for advisory referrals. SmartAsset complies with the SEC Promoter rules and regulations. HWMG will provide data to SmartAsset that may match certain clients with the services of HWMG. Compensation will be paid by IA for referrals, and the fee for referrals will be properly disclosed to any potential clients of HWMG in accordance with the Promoter Agreement entered into between the parties.

### ***Custody***

#### **Form ADV Part 2A, Item 15**

HWMG does not maintain physical custody of client funds or securities, nor is it authorized to hold or receive any stock, bond or other security, investment certificate, or cash that is part of the clients' accounts, except for the payment of advisory fees (see Debit Accounts below). All clients' accounts are held in custody by unaffiliated broker/dealers, insurance companies, mutual funds, or banks.

#### **Debit Accounts**

When advisers have the ability to direct custodians to debit advisory fees from clients' accounts, the SEC has determined that advisers are considered to have custody of clients' assets for that sole purpose.

#### **Please Note**

Since HWMG and all account custodians send statements directly to account owners at least on a quarterly basis. Clients should carefully review these statements and compare them to any billing statements, Reports, or additional account information provided to them by HWMG, its employees, management persons, or other supervised or related persons.

#### **Please Also Note**

The account custodians are not able to verify the accuracy of HWMG's advisory fee calculations.



## ***Investment Discretion***

### **Form ADV Part 2A, Item 16**

When clients agree to discretionary authority, HWMG understands that it is authorized, from time to time, to invest, sell, and reinvest proceeds in clients' accounts, at its discretion, and without obtaining prior confirmation of any proposed action. Notwithstanding this discretionary authority, the HWMG will manage the accounts in accordance with the investment mandates of the clients' and subject to the guidelines and/or restrictions (if any) that have been provided for by the Investment Management Agreement. Additionally, HWMG requires a Comprehensive Risk Tolerance Assessment, a Client Investment Policy Statement, and a properly executed Custodian Account Application which indicates, to the custodian, that adviser discretion is authorized. Such guidelines and restrictions may be amended or supplemented from time to time by agreement of the parties.

HWMG will be responsible for recommending, implementing, maintaining, and adjusting asset allocation, investment diversification, and choosing investment vehicles based on specific parameters set forth in the Client's Investment Policy Statement. The Investment Policy Statement is subject to review at least annually, or otherwise as agreed upon by the parties.

Accounts we manage on a discretionary basis may receive more favorable executions when purchasing or selling securities than accounts managed on a non-discretionary basis due to the fact that HWMG must receive client authorization before placing trade orders. The potential delays in trade execution, for non-discretionary accounts, may produce different results than their discretionary counterparts.

When a client has given us broker/dealer discretion, there is no restriction on the broker/dealers we may select to execute client transactions. Our general guiding principle is to trade through broker/dealers who offer the best overall execution under the particular circumstances. We consider a number of factors, including the actual handling of the order, the ability of the broker/dealer to settle the trade promptly and accurately, the financial standing of the broker/dealer, the ability of the broker/dealer to position security to facilitate execution, our past experience with similar trades, and other factors which may be unique to a particular order.

Most often trades are executed with the account custodian. However, at times we may trade through broker/dealers that charge fees which may be higher than the otherwise, lowest available fees through an account custodian. For example, broker/dealer fees may vary and be greater than those typical for similar investments if we determine that the research, execution and other services rendered by a particular broker merit greater than typical fees in a given situation. Although not as common, in certain instances we may execute over the counter securities transactions on an agency basis, which may result in advisory clients incurring two transaction costs for a single trade: a commission paid to the executing broker-dealer plus the market makers mark-up or mark-down.

There may be conflicts of interest over time devoted to managing any one account and the allocation of investment opportunities among all accounts managed by us. We will attempt to resolve all such conflicts in a manner that is generally fair to all of our clients.

We are not obligated to acquire for any account any security that we or our officers, partners, members or employees may acquire for their own accounts or for the account of any other client, if in our absolute discretion it is not practical or desirable to acquire a position in such security.

## ***Voting Client Securities***

Form ADV Part 2A, Item 17

### **Proxy Voting Authority**

Generally, HWMG will not vote (by proxy or otherwise) in any matter for which a shareholder vote is solicited by, or with respect to, issuers of securities beneficially held in the client's account. With regard to all other matters for which shareholder action is required, or solicited, with respect to securities beneficially held by the client's account such as (i) matters relating to class actions, including matters relating to opting in or opting out of a class, and approval of class settlements and (ii) bankruptcies or reorganizations), HWMG affirmatively disclaims responsibility for voting (by proxies or otherwise) and will not take any action with regard to such matters.

### **Proxies and Other Investor Information**

Clients will receive their proxies, other solicitations, and investor information, directly from their custodians or transfer agents. HWMG usually receives "*Information Only*" duplicate copies of proxies and other investor information; therefore we can speak knowledgeably to clients who may have specific questions about particular information that may have been received.

Notwithstanding the above description, HWMG understands that certain special situations may exist whereby exceptions may be warranted with respect to our general Proxy Voting policy:

#### **Proxy Voting Exception**

Client shall maintain all proxy voting authority unless a specific written delegation of voting authority has been giving to HWMG. If HWMG is assigned such authority, we will notify the custodian that HWMG is authorized to vote all proxies for securities in a specific client's account(s) and instruct custodian to forward copies of all proxies relating to shares held in the specified account(s). HWMG will vote all proxies in a prudent manner and solely in the interest of the client until such time as the proxy voting authority is revoked, the account(s) are closed, or the Investment Management Agreement is terminated.

## ***Financial Information***

Form ADV Part 2A, Item 18

### **Solicitation of Advance Fees**

HWMG does not solicit fees of more than \$1,200 per client, six months or more in advance.

### **Financial Conditions**

HWMG is not aware of any financial condition that is neither reasonably likely to impair our ability to meet our contractual commitments to our clients, nor expected to affect our ability to manage client accounts effectively going forward.

### **Bankruptcy Disclosure**

HWMG has not been the subject of a bankruptcy petition.

### **ANY QUESTIONS:**

HWMG's Chief Compliance Officer, Kevin P. Hussey, remains available to address any questions that a client, or a prospective client, may have regarding any of the above disclosures and arrangements.

### ***Additional Information***

#### **Confidentiality**

Except as otherwise agreed in writing or as required by law, HWMG will exercise the highest degree of due diligence and care with respect to keeping confidential all client information. However, by signing the Investment Management Agreement, client authorizes HWMG to give a copy of this Investment Management Agreement to any broker/dealer or other party to a transaction for the account(s), or the custodian as evidence of HWMG's limited power of attorney and authority to act on client's behalf. In addition, client grants HWMG authority to discuss, disclose, and provide confidential client information to outside attorneys, auditors, consultants and any other professional advisors retained by HWMG to assist in the management of this Investment Management Agreement and client's account(s).

#### **Services to Other Clients**

The client understands and agrees that HWMG performs investment advisory services for various other clients. The client agrees that HWMG may give advice or take action in the performance of its duties with respect to any of its other clients, or for the HWMG and/or its employees' own account(s), which may differ from advice given to or action taken on behalf of the client. HWMG is not obligated to buy, sell or recommend for the client any security or other investment that HWMG or its employees may buy, sell or recommend for any other client or for their own account(s).

#### **ERISA Account(s)**

This section applies to qualified retirement plans governed by the Employee Retirement Income Security Act of 1974 ("ERISA"). If the account(s) is for a plan subject to ERISA, A client would appoint HWMG, and HWMG would accept its appointment, as an "investment manager." HWMG acknowledges that it is a "fiduciary" within the meaning of Section 3(21) of ERISA and understands that as a fiduciary, it must:

- Act solely in the interests of the participant and their beneficiaries;
- Defray the expenses of administration of the plan;
- Act with the care, skill, prudence, and diligence that a prudent man would use in the same situation;
- Diversify plan investments to reduce the risks of large losses unless it is clearly prudent not to do so; and,
- Act according to the terms of the plan documents; to the extent the documents are consistent with ERISA.

The client must represent that HWMG has been furnished true and complete copies of all documents establishing and governing the plan and evidencing the client's authority to retain HWMG. The client must furnish promptly to HWMG any amendments to the plan, and the client must agree that, if any amendment affects the rights or obligations of HWMG, such amendment will be binding on HWMG only when agreed to by HWMG in writing. If the account(s) contains only a part of the assets of the plan, the client understands that HWMG will have no responsibility for the diversification of all of the plan's investments, and that Adviser will have no duty, responsibility or liability for the client assets that are not in the account(s). If ERISA or other applicable law requires bonding with respect to the assets in the account(s), the client must obtain and maintain at its expense bonding that satisfies this requirement and covers HWMG and its Affiliated Persons.