

# **Human Interest Advisors**

## **Human Interest Advisors LLC Firm Brochure – Form ADV Part 2A**

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This brochure provides information about the qualifications and business practices of Human Interest Advisors LLC. If you have any questions about the contents of this brochure, please contact us at (855) 622-7824 or by email at: [support@humaninterest.com](mailto:support@humaninterest.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Human Interest Advisors LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Human Interest Advisors LLC’s CRD number is: 269875. Registration does not imply a certain level of skill or training.

Version Date: March 29, 2024

## Item 2: Material Changes

Since the annual update of March 16, 2023, we have made the following material changes:

- Item 5: Fees and Compensation – Added new disclosure regarding changes to the advisory, Recordkeeper and custodial fees that took effect in the first quarter of 2024.
- Item 15: Custody – Updated the response to explain the basis for the Adviser being deemed to have constructive custody of Plan assets.

## Item 3: Table of Contents

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## Item 4: Advisory Business

### Description of the Advisory Firm

Human Interest Advisors LLC (hereinafter “Adviser”) is a Limited Liability Company organized in Delaware in June 2015. Adviser is a wholly owned subsidiary of Human Interest Inc. (“Recordkeeper”).

Adviser provides investment advisory services to employer-sponsored retirement plans (“Plans”) and plan participants (“Participants”). Adviser will provide either (i) fiduciary investment advice to the Plan to assist the Plan in developing and monitoring a menu of investment options as a 3(21) investment adviser or (ii) investment management services to the Plan to select, monitor, and revise the menu of investment options for the Plan as a 3(38) investment manager, each of these terms as defined under the Employee Retirement Income Security Act of 1976 (“ERISA”). In connection with the Adviser’s appointment to provide such services, the Adviser also agrees with Plan sponsors to make available its investment advisory services to Participants, who can opt to invest in a Model Portfolio (as defined below) that the Adviser recommends or select on their own from the Plan’s available investments (“Participant Selected Portfolio”). For Participants who do not make one of these selections, the Adviser will select a Default Allocation (as defined below). Participants will use an online platform to provide information about themselves and accept the Adviser’s services.

Recordkeeper provides a digital platform that enables small and medium sized businesses to offer defined contribution retirement plans, such as 401(k) plans and 403(b) plans, to their employees. The digital platform is offered in multiple service levels, each with different administrative servicing features. Recordkeeper also provides recordkeeping and administrative services to the Plan as an agent of its sponsor (e.g., set-up, onboarding, payroll sync, and recordkeeping/administration). If a Plan engages Recordkeeper for its recordkeeping and administration services, then the Plan and its Participants also receive Adviser’s investment advisory services.

### Types of Advisory Services

Adviser provides investment advice with respect to limited types of investments, which currently are open-end mutual funds and cash equivalents, but which also may include exchange-traded funds, money market funds or similar investment vehicles, as well as separate accounts, collective investment trusts and other investments (“Investment Vehicles”), and its advice is limited to recommending these types of Investment Vehicles

to Plans and Participants. The Adviser generates model portfolios that consist of target percentages for investment in certain of these Investment Vehicles (each a “Model Portfolio”). Except for Participant Selected Portfolios, every Participant will be invested in a Model Portfolio as recommended by the Adviser where once each quarter, Adviser will determine whether to rebalance Participant’s account based on the applicable Model Portfolio.

### *Plans*

The Adviser works with each Plan to develop the group of Investment Vehicles that become the investment menu for that Plan.

If a Plan chooses Adviser to act as an investment adviser under 3(21) of ERISA (“3(21) Fiduciary”), Adviser will assist the Plan to develop a menu of Investment Vehicles, and the Plan will make the investment menu available to Participants. When acting as a 3(21) Fiduciary, Adviser does not have the discretion to change the Plan’s investment menu. The investment menu developed by the Plan with the assistance of the Adviser will include the Investment Vehicles of the Model Portfolios as well as other Investment Vehicles chosen by the Plan. The Adviser will assist in monitoring the Advisers recommended Investment Vehicles, but will not provide monitoring and advice on Investment Vehicles not recommended by Adviser. The Plan retains all authority and responsibility to select the available Investment Vehicles. Participants are able to select their investments from their Plan’s investment menu, select from the available Model Portfolios, or use the Default Allocation.

If a Plan chooses Adviser to act as a fiduciary to the Plan pursuant to 3(38) of ERISA (“3(38) Fiduciary”), Adviser will develop and select a menu of Investment Vehicles to be provided to the Plan and therefore Participants. Adviser has discretionary authority to change the menu of Investment Vehicles and will monitor the Investment Vehicles. The investment menu developed by Adviser for the Plan will include the Investment Vehicles of the Model Portfolios, as well as other Investment Vehicles for the Participants, typically an additional 20–25 open-end mutual funds. Participants are able to select their investments from their Plan’s investment menu, select from the available Model Portfolios, or use the Default Allocation.

### *Participants*

Participants receive discretionary investment advisory services through investments in

Model Portfolios, unless they choose a Participant Selected Portfolio. Participants can: (1) accept the Adviser's recommended Model Portfolio based on information provided by the Plan and Participant, e.g., current age, and assumptions that Adviser makes regarding a Participant's financial circumstances and preferred risk level; (2) complete or update such information, in which case the Adviser could recommend a different Model Portfolio that the Participant can accept; (3) choose a Model Portfolio by indicating their risk tolerance; or (4) choose their own investments (a Participant Selected Portfolio). Not engaging on the platform to accept the Adviser's recommended Model Portfolio or to select a Participant Selected Portfolio will result in a Participant receiving the Model Portfolio selected by the Adviser, i.e., the Default Allocation (discussed below).

For all but Participant Selected Portfolios, once each quarter, the Adviser will determine whether to rebalance Participant's account to be aligned with the applicable Model Portfolio. Additionally, except for Participant Selected Portfolios and accounts of those that opt-out on the platform, Participants' accounts will be opted into a "glide path," which will result in the Participant's Model Portfolio being adjusted to another Model Portfolio, with the goal of gradually reducing the expected risk of the Participant's account as the Participant ages; the Adviser will then rebalance the account based on the replacement Model Portfolio, in the Adviser's discretion. In reducing the risk of a Participant's account, investment returns can also be reduced. The glide path is based on age bands selected by the Adviser from time to time, taking into account any risk information the Participant has provided, but such adjustment will not reflect an assessment of the Participant's investment objectives or financial condition at the time. Other than through this feature, the Adviser will not review the Participant's account to determine whether a Model Portfolio continues to be appropriate or assess if another Model Portfolio would be better. However, a Participant can use the platform to update their information, and this process will result in the Adviser recommending a Model Portfolio.

For Participants who accept the Adviser's recommended Model Portfolio, their portfolio will be rebalanced pursuant to the discretionary trading authority granted to Adviser. Rebalancing is intended to assure that portfolios remain aligned with the Model Portfolio's underlying allocation when Adviser can identify sufficient rebalancing opportunities (i.e., trades) to realign the actual Participant portfolio to the Model Portfolio's allocation targets.

Participants are not required to accept any Model Portfolio that Adviser recommends

and can choose their own investments by selecting from the available investment options in a Plan's investment menu, i.e., the Participant Selected Portfolio.

Each Plan has designated the Adviser to provide investment advisory services as the qualified default investment alternative ("QDIA") for the Plan. Thus, if a Participant has not engaged with the platform to accept a recommended Model Portfolio or to select a Participant Selected Portfolio, then the Adviser will manage a Participant's account in accordance with a default Model Portfolio that the Adviser selects for a Participant based on the Participant's current age ("Default Allocation"). The Adviser has the discretion to rebalance the Participant's account to the Default Allocation as described above.

## **Client Tailored Services and Client Imposed Restrictions**

### *Plans*

If a Plan selects the Adviser to serve as a 3(38) fiduciary, Adviser selects the Plans' Model Portfolios and other Investment Vehicles based on the Adviser's investment policy statement and Advisers' own due diligence on each Investment Vehicle. Plans that select the Adviser's 3(38) fiduciary services cannot impose investment restrictions. Plans that would like to impose restrictions (e.g., remove an Investment Vehicle) can do so by selecting the Adviser's 3(21) fiduciary service.

### *Participants*

As described above, Participants that use the platform receive a Model Portfolio recommendation that is based on information that the Adviser has received, e.g., current age, and assumptions that Adviser makes regarding a Participant's financial circumstances and preferred risk level, and the Participant can make adjustments to such information to receive an updated Model Portfolio recommendation. However, Participants do not have to accept these recommendations. Instead, a Participant could choose any Model Portfolio by indicating their risk tolerance or, if a Participant prefers to select their own Investment Vehicle allocations, choose a Participant Selected Portfolio.

Participants that do not use the platform will receive a Model Portfolio based on their current age, also referred to as a Default Allocation, as described above.

In providing these recommendations and Default Allocations, the Adviser does not



consider other assets held by the Participants or diversification of Participants' entire portfolio of investments.

## **Assets Under Management**

As of December 31, 2023, Adviser had \$3,448,251,436 in assets under management managed on a discretionary basis. While both Participants and Plans are clients, we count the assets under management attributable to Participants in a Plan once. Separately, Adviser's non-discretionary assets are assets under advisement on behalf of Participant Selected Portfolios and are not reflected above. The amount of non-discretionary assets under advisement on behalf of Participant Selected Portfolios as of December 31, 2023 was \$697,212,005.

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

### **Advisory Services Fees**

#### *Plans*

Plans are assessed an advisory services fee for investment advisory services provided to the Plan and for making investment advisory services available to Participants. Plan Participants ultimately pay these fees indirectly as they are deducted from Participants' Plan account balances. Advisory services fees are negotiated and charged at the Plan-level and are calculated based on a percentage of the total amount of Participants' Plan account balances. Advisory fees are charged monthly in arrears based upon the previous period.

#### *Participants*

The Adviser's fee will be automatically deducted from the Plan's assets, and the applicable portion of this fee will be reflected in the balance of the Participant's account, unless the Plan sponsor has agreed to assume these fees. Effective in the first quarter of 2024, the Adviser restructured its advisory fee so that the asset-based fee typically ranges between 0.12% and 0.15% annually, and the advisory fee no longer includes the custodial fee (which instead is included in the fees that Plans pay to the Recordkeeper). In addition, the Adviser has, and anticipates that it will in the future, negotiate different fee rates with certain Plans. Plan sponsors should review their order forms for details concerning the fees applicable to their Plans, and Participants may view the asset-based fees reflected in the balance of their accounts by accessing their statements upon logging onto the Recordkeeper's platform.

Terminated accounts are charged an investment advisory fee at the Plan-level and such fees are allocated to the Participant until the Participant account balance is zero or the assets are no longer held by the custodian.

## **Other Fees or Expenses**

### *Plans*

Plans will pay other types of fees and expenses in connection with the advisory services offered by the Adviser, including fees due to its affiliate for software, recordkeeping and administration services and fees due to third-parties such as custodial services, brokerage and other transaction costs.

Plans pay fees, including administration fees, setup fees, user support fees, and fees for special features, to Recordkeeper for web-based services and recordkeeping and administration for the Plans. If agreed to in writing between Recordkeeper and the Plan sponsor, one or more of these fees may be charged to the Plan's assets, and the applicable portion of such fees will be reflected in the balance of the Participant's account. These fees are charged to Plans as a monthly or annual subscription fee, and fees vary depending on the level of services. Recordkeeper is an affiliate of Adviser.

In the first quarter of 2024, the Recordkeeper introduced an asset-based fee. The asset-based fee will be automatically deducted from the Plan's assets beginning in the second quarter of 2024, and the applicable portion of this fee will be reflected in the balance of the Participant's account unless the Plan sponsor has agreed to assume these fees. The Recordkeeper's asset-based fee typically ranges up to 0.60% annually. Plan sponsors should review their order form for details concerning the fees applicable to their Plans, and Participants may view the asset-based fees reflected in the balance of their accounts by accessing their statements upon logging onto the platform.

Plans are required to open an account with a third-party qualified custodian that is selected as part of the 401(k) offering ("Custodian"). Plans are charged custody fees, which are based on total assets held in custody for a Plan. Historically, such fees were allocated pro rata to the Participants as part of the advisory fee, but effective in the first quarter of 2024, such fees are allocated pro rata to the Participants as part of the Recordkeeper's asset-based fee. Custody fees include transaction fees and commissions on all trading executed on behalf of Participant accounts. Please see Item

12 of this brochure for more information on brokerage practices.

Plans can also hire a third-party advisor to provide advisory services to a Plan, where the Plan and the third-party advisor negotiate fees. A Plan can request that the Recordkeeper effectuate these payments, and the Adviser would assist in managing the liquidation of securities held in Participant accounts; those proceeds would be used to pay the fee.

### *Participants*

Plans' investment menus include underlying Investment Vehicles, such as mutual funds. All Investment Vehicles incur costs in connection to their operation and management that are disclosed in each Investment Vehicles's offering documents such as a mutual fund prospectus. This fee disclosure is also provided by the Recordkeeper to the Plan and Participants. These fees are therefore borne by each Participant in proportion to their individual holdings.

As discussed above, Participants bear a portion of the Adviser's and Recordkeeper's asset-based fees, which are allocated to their accounts pro rata.

In addition, certain funds that are included in some Plans' investment menus have additional fees, specifically 12b-1 fees, which are disclosed to the Plan and Participants in the fee disclosures provided by the Recordkeeper annually. Please see Item 12 of this brochure for more information on brokerage practices.

The fees payable to Adviser and Recordkeeper described herein are generally subject to modification or reduction by the Adviser or Recordkeeper, as applicable, and as negotiated with respect to any Plan sponsor.

### **Outside Compensation for the Sale of Securities to Clients**

In some cases, a Plan's investment menus, but not the Model Portfolios, include Investment Vehicles that are mutual fund share classes that are charged 12b-1 fees, which are additional fees paid by the fund to an intermediary like the Recordkeeper for selling or servicing the mutual fund's shares and shareholders, respectively. In most of these cases, there are lower-cost share classes of the same or similar mutual fund that are not charged such 12b-1 fees. The practice of including in investment menus mutual fund share classes that are charged 12b-1 fees creates a conflict of interest between the Participant and Adviser because the compensation that the Recordkeeper receives provides the Adviser an incentive to recommend the share class rather than another

that might better meet the client's needs. However, the Adviser mitigates this conflict by not keeping any such 12b-1 fees: the Recordkeeper contributes the 12b-1 fees that it receives to the applicable Plans to pay their expenses, which can include the Recordkeeper's fees.

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

Adviser does not charge performance-based fees, which are fees based on a share of capital gains on or capital appreciation of any client account.

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

Adviser provides advisory services to defined contribution plans, including 401(k) and 403(b) plans, and Plan Participants.

Recordkeeper does not require a minimum dollar amount for a Plan to join the platform. However, the platform is provided by the Recordkeeper, and all of the Adviser's advisory clients have an agreement with the Recordkeeper and must be set up on the Recordkeeper's platform prior to commencing advisory services.

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

### **Methods of Analysis**

Adviser's methods of analysis include modern portfolio theory.

Modern portfolio theory is an investment theory that in application attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various assets.

Adviser uses a buy and hold strategy, meaning that the Adviser does not alter the underlying Investment Vehicles in its Model Portfolios unless it is determined to be needed, and the Model Portfolios are intended to be held by Participants long-term.

Adviser does not utilize short-term investment or trading strategies.

Adviser primarily believes in selecting Investment Vehicles that utilize passive investment management. Passive investing involves building portfolios that are composed of various, distinct asset classes that are weighted in a manner intended to achieve the desired relationship between correlation, risk, and return. Funds that passively capture the returns of the desired asset classes are placed in the portfolio, which are typically indexed mutual funds. Passive investment management is characterized by low portfolio expenses (i.e., the funds inside the portfolio have low internal costs) and minimal trading costs (due to infrequent trading activity). In contrast, active management can involve a manager constructing a portfolio intended to generate returns greater than the broader market or a designated benchmark.

The due diligence criteria used by Adviser for its selected Investment Vehicles include, but are not limited to, the following:

- Volatility and performance relative to benchmarks;
- Demonstrated adherence to stated investment objectives;
- Fees and expense ratios;
- Manager's organization size, structure, and history; management profile and investment philosophy; staff experience and depth; and technological commitment to research; and
- Availability through the Custodian's trading platform.

## **Material Risks Involved**

The risks discussed herein do not encompass all of the risks involved in investing in the Model Portfolios or Participant Selected Portfolios. Plans and Participants are encouraged to read the disclosures provided to them about the underlying Investment Vehicles. Investing in securities involves a risk of loss that all investors should be prepared to bear.

- Methods of Analysis

Modern portfolio theory assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will

evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile.

- Investment Strategies

Long term trading is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include, but are not limited to, inflation risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

- Investments Vary from the Model Portfolio or a Participant Selected Portfolio

On any particular day, the actual allocation of a Participant's account assets can differ from the applicable Model Portfolio or from a Participant Selected Portfolio, as applicable. These differences can arise due to a variety of factors, such as rounding, minimum trade sizes, contribution size, market movements, changes to the Plan, availability of the Investment Vehicles, timing of investment of contributions, variations in investment selection based on the costs of investing contributions or rebalancing investments (as determined in Adviser's sole discretion), the capacity of the Plan's provider of recordkeeping services or trustee ("Provider") to execute account directions, and any legal, regulatory, or other trading restrictions, including those that securities exchanges or parties other than Adviser impose. For these reasons, the Participant's Investment Vehicles can vary from the Model Portfolio or Participant Selected Portfolio.

- Reliance on Technology and Errors

Adviser's advisory services are fundamentally dependent on technology, including automation, and Adviser utilizes various sources of technology to formulate its advice and develop recommendations, including technology provided by the Recordkeeper as discussed in the "Reliance on Affiliate Recordkeeper" section of this brochure. A technological defect or malfunction will negatively impact the accuracy of Adviser's Model Portfolios and negatively impact a Participant's account. Hardware and software are known to have errors, omissions, imperfections, and malfunctions (collectively, "Coding Errors"). Coding Errors in third-party software are generally entirely outside of the control of the Adviser. With respect to its own technology and its affiliate's

technology, Adviser will seek to reduce the incidence and impact of Coding Errors. Coding Errors can be exacerbated by the lack of or incomplete design or specifications, and can go undetected for periods of time or never be detected such that the impact caused by such Coding Errors can compound over time. Plans and Participants should assume that Coding Errors are present in the technology utilized by the Adviser, and there are risks and impacts to its use that could materially adversely affect a Plan or Participant portfolio. The Adviser utilizes monitoring and has designed independent safeguards, but there is no guarantee the Adviser will be successful, and Coding Errors will result in, among other things, the failure to properly gather and organize available data, the failure to correctly analyze the data, the failure to generate intended or optimal investment outputs and the failure to adequately complete a desired function or monitor Participant portfolios.

Further, to the extent that a software or hardware malfunction or problem is caused by a defect, security breach, virus, or other outside force, Plans and Participants could be materially adversely affected.

- Reliance on Affiliated Recordkeeper

The Recordkeeper provides technology services to the platform, as well as recordkeeping and administrative services to the Plans and Participants. The Adviser's clients are also customers of the Recordkeeper, and the Adviser provides its services through the platform provided by the Recordkeeper. The Recordkeeper also assists with calculations related to rebalancing trades, allocations of trades to the Plans and their Participants, transmits trade orders to broker-dealers for execution, allocation of dividends to the Plans and their Participants, and advisory services fee withdrawals, among other matters. The Recordkeeper and Adviser also share resources. In these connections, the Adviser is materially dependent on the Recordkeeper in order to provide its advisory services.

The Adviser owns (or holds a license to) any intellectual property necessary to the Adviser's formulation of investment advice, including the algorithm used in generating its models. The Adviser also relies on the Recordkeeper for code, software, and other material and intellectual property, such as the platform that allows for communications with advisory clients ("Licensed IP"). Revocation, significant limitations or other similar changes to the Licensed IP could materially impact the Adviser and Model Portfolios, including the platform's availability, accuracy, completeness, effectiveness and other utility. At this time, the Recordkeeper is not sharing such Licensed IP with third parties.

Recordkeeper also provides various services to the Adviser, including administrative, legal, certain compliance support (e.g., development of monitoring mechanisms and building reports), technical (including cybersecurity), and clerical services, access to technology equipment and office facilities, maintenance, support services, and other miscellaneous services. The Adviser pays Recordkeeper certain fees for provision of these services; however, such fees are borne by the Adviser and not by Plans or Participants. Certain personnel of the Adviser have or have had a direct employment relationship with Recordkeeper, and can still have deferred compensation arrangements in respect of that service.

Because of the above, the Adviser is materially dependent on Recordkeeper and the talents and efforts of individuals employed by the Recordkeeper. Recordkeeper is not a fiduciary to the Adviser. The success of the Adviser and its Model Portfolios is largely dependent upon the Recordkeeper to (i) continue to develop and license to the Adviser the Licensed IP necessary for the Adviser to provide its advisory services, and (ii) continue to provide services to the Adviser. If the Recordkeeper ceases to do so, or to do so effectively, the Adviser and Model Portfolios will be materially adversely affected.

- **Material Third Party Relationship Risks**

Adviser maintains and relies on vendor relationships with unaffiliated service providers to provide its advisory services. It is possible that a vendor could experience a risk event, such as a cybersecurity or financial impairment, which could in turn affect Adviser's advisory services.

## **Risks of Specific Securities Utilized**

Plans and Participants should be aware that there is a material risk of loss using any investment strategy. This risk includes the potential loss of principal (i.e., amounts invested) and any unrealized gains. Markets can be volatile, and prices of Investment Vehicles, including mutual funds and their underlying investments can fluctuate substantially over time. Other factors such as economic and political events can also affect investment performance. There is no guarantee that any investment will not lose money.

**Investment Company Risk:** When a Participant invests in open-end mutual funds, or other Investment Vehicles, the Participant indirectly bears its proportionate share of any



fees and expenses payable directly by those funds.

**Market Risk:** A decline in the stock or bond market could depress the prices of securities in a Participant's portfolio.

**Interest Rate Risk:** A change in interest rates or a change in the relationship between different market interest rates could depress the prices of securities in a Participant's portfolio.

**Event Risk:** An adverse event affecting a particular company or that company's industry could depress the price of investments in that company's stocks or bonds. A company, government, or other entity that issued bonds could become less able to, or fail to, repay, service or refinance its debts, or the issuer's credit rating could be downgraded by a rating agency, as a result of the adverse event. Adverse events affecting a particular country, including political and economic instability, could depress the value of investments in issuers headquartered or doing business in or with that country.

**Liquidity Risk:** Securities that are normally liquid may become difficult or impossible to sell at an acceptable price during periods of economic instability or other emergency conditions.

**Domestic and/or Foreign Political Risk:** Domestic events relating to politics, government, and elections can affect U.S. markets. Political events occurring in the home country of a foreign company held by any mutual fund, such as revolutions, nationalization, and currency collapse, can have an impact on the security held by the fund.

**Inflation Risk:** Nations around the globe may be more or less prone to inflation than the U.S. economy at any given time. Companies operating in countries with higher inflation rates may find it more difficult to post profits.

## Item 9: Disciplinary Information

### Criminal or Civil Actions

There are no criminal or civil actions to report.

### Administrative Proceedings

There are no administrative proceedings to report.

### **Self-regulatory Organization Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither Adviser nor its representatives are registered as, or have pending applications to become a broker/dealer or a representative of a broker/dealer.

### **Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither Adviser nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor, or an associated person of the foregoing entities.

### **Relationships or Arrangements Material to this Advisory Business and Conflicts of Interests**

Adviser is wholly owned by Recordkeeper. Recordkeeper and Adviser have a common goal of offering full-service retirement plans to Plans, which are shared clients. Recordkeeper provides Plans with recordkeeping, administration, and integration with payroll providers (which are not affiliated), while Adviser provides investment advice and investment management services as a fiduciary. Adviser's services are not currently available to clients other than the Plan customers of Recordkeeper. Lower fees could be available through service providers offering advisory services separately from retirement recordkeeping services. These conditions result in a financial incentive for Adviser and Recordkeeper to offer a bundled service offering to Plans and Participants. Clients of the Adviser might be able to obtain more favorable fees and/or services if a Plan were to choose different service providers.

Recordkeeper owns certain of the intellectual property utilized by Adviser, such as the Licensed IP, but the Adviser performs the advisory services and owns the rights to the investment and trading algorithms that it uses. Additionally, the Recordkeeper supports the infrastructure that runs the platform, as well as the technology to execute certain advisory functions. Recordkeeper and Adviser share office space, and certain individuals provide services for both Recordkeeper and Adviser. Many Recordkeeper employees support the daily operations of both affiliates. These conditions result in a material dependency of the Adviser on Recordkeeper and serve as another financial incentive for Adviser and Recordkeeper to offer a bundled service offering to Plans and Participants. For additional information, please see Item 8 at “Reliance on Affiliated Recordkeeper.”

These financial interests in a bundled offering incentivize and could cause the Recordkeeper and Adviser to grow or expand too fast, and not be able to keep pace with such growth in terms of the technology, hiring and other support needed to service existing clients. However, the Recordkeeper’s management is committed to considering the interests of both entities when making decisions, and as both entities serve the same clients, the Recordkeeper has an interest in building a strong and robust platform on behalf of both affiliates and their shared clients. Additionally, the Adviser is a separate entity with its own executive officers, compliance team, and investment personnel. The Adviser is also in the process of forming its own board of directors. The Adviser is committed to ensuring adequate oversight of the Recordkeeper’s services that support the Adviser.

In order to utilize Recordkeeper’s services, Plans are required to enter into a custody agreement or trust agreement with Custodian, which is not an affiliate. Although each Plan has its own custodial or trust agreement, custodial fees are charged to the Plan and allocated to Participants as part of the asset-based fees described in Item 5. As Plan assets held in custody with Custodian increase, the rate of custody fees Recordkeeper pays to Custodian might decrease but these cost savings are not passed along to Plans or Participants. Custodian does not compensate Recordkeeper or Adviser to be recommended as a qualified custodian.

Participants are required to enter into agreements with Adviser regardless of any agreements that their Plan might have with unaffiliated third-party investment advisers, for example, where a Plan hires a third-party adviser to serve as a 3(38) fiduciary.

From time to time, some investors in the Recordkeeper have referred potential customers to the Recordkeeper. This relationship results in a conflict of interest as lower fees for similar services can be available through other providers of defined contribution retirement or advisory services.

## **Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

Adviser's menu of recommended Model Portfolios and other Investment Vehicles covers asset classes with a range of risk and performance characteristics. Adviser's recommended investment menu and Model Portfolios include primarily low-cost index funds from major asset classes and risk categories. At this time, each Investment Vehicle is a registered investment company (i.e., mutual fund). The due diligence criteria used for selecting each Investment Vehicle is discussed in Item 8. The Adviser is not paid by these managers to recommend their Investment Vehicle for a Plan's investment menu or to include them in a Model Portfolio.

Adviser is not compensated by advisers to the Investment Vehicles. However, ownership interest in the Recordkeeper is held by affiliates of third-party investment managers, some of whose funds are available (or may in the future be made available) in certain Plans' investment menus, which could result in the investors experiencing asset growth in its Investment Vehicles that result in more asset-based fees for those third-party managers serving in such role. At this time, the Adviser does not include such funds in the Model Portfolios, and would not for purposes of evaluating Investment Vehicles for the Model Portfolios, consider as a factor that the investment manager is an investor in the parent Recordkeeper. However, the business relationship causes a conflict of interest in that the Adviser has a reason to favor these investment managers over others, both when recommending or selecting Investment Vehicles for a Plan menu and when determining the composition of Model Portfolios due to the investor's investment in parent Recordkeeper.

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

### **Code of Ethics**

Adviser has a written Code of Ethics designed to establish a standard of business conduct that reflects the firm's fiduciary duties, defines the behavior expected of its

employees, and limits employee activities with respect to certain conflicts of interest. The Code of Ethics covers the following areas: Private Securities Transactions, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Outside Business Activities, Certification of Compliance, Reporting Violations, and Compliance Officer Duties with regards to: Training and Education, Recordkeeping, Annual Review of the Compliance Program, and Sanctions. All of Adviser's access persons must acknowledge and agree to comply with the terms of the Code of Ethics annually, and as amended. All of Adviser's access persons are required to disclose their personal securities holdings. The Code of Ethics is available upon request to any client or prospective client. For a copy of Adviser's Code of Ethics, email [support@humaninterest.com](mailto:support@humaninterest.com).

### **Recommendations Involving Material Financial Interests**

Adviser does not recommend that clients buy or sell any security in which a related person to Adviser or Adviser has a material financial interest. But note the discussion of the investors in the parent Recordkeeper, who are also investment managers with funds available in certain investment menus on the platform (or may in the future be made available) as discussed in Item 10.

### **Investing Personal Money in the Same Securities as Clients**

From time to time, Adviser related persons, such as personnel, could buy or sell securities for themselves that are also recommended to clients. This could provide an opportunity for advisory personnel to buy or sell the same securities before or after recommending the same securities to clients. Adviser monitors access persons' personal trading as required by the Code of Ethics and the Investment Advisers Act of 1940. However, Adviser believes that the type of investment advice provided to its clients, relating solely to the purchase and sale of widely available securities, such as open-end mutual funds, does not create a material conflict of interest between clients and Adviser or its employees, nor the opportunity for Adviser or its employees to profit improperly by buying or selling in tandem with clients. For example, open-end mutual funds are priced once a day and all clients, and any employees that purchase or sell shares of an open-end mutual fund, receive the same price.

## **Item 12: Brokerage Practices**

## **Factors Used to Select Custodians and/or Broker/Dealers**

Securities transactions are executed at the direction of Adviser through the affiliated broker dealer of the Custodian.

### **Research and Other Soft-Dollar Benefits**

Adviser receives no research, products, or services other than execution from any broker-dealers or custodians in connection with client securities transactions ("soft dollar benefits").

### **Brokerage for Client Referrals**

Adviser does not receive referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party. The custody fee charged to Recordkeeper, which includes brokerage costs, will decrease as assets held in custody increase.

### **Clients Directing Which Broker/Dealer/Custodian to Use**

Adviser does not permit clients to direct Adviser to execute transactions through a specified broker-dealer. At this time, all trades executed on behalf of Plans and Participants are purchases or sales of mutual fund shares, and Adviser does not receive compensation, cash or otherwise, from the managers of the Investment Vehicles, such as mutual funds, recommended to Plans. In some cases, a Plan's investment menus, but not the Model Portfolios, include Investment Vehicles that are mutual fund share classes that are charged 12b-1 fees, which are additional fees paid by the fund to an intermediary like the Recordkeeper for selling or servicing the mutual fund's shares and shareholders, respectively. See "Outside Compensation for the Sale of Securities to Clients" for discussion of 12b-1 fees.

### **Aggregate (Block) Trading for Multiple Client Accounts**

Trades executed for Plans on behalf of Participants are aggregated among a Plan's Participants. All Participants receive the same price for any security transaction on any given day. If the Adviser is not able to aggregate an order, the client could incur higher transaction costs or expenses as a result.

## **Trading Practices**

When preparing transactions that would result in trades for small nominal amounts where an asset cannot be purchased due to fractional share limitation, Adviser will seek to instead purchase another fund in the Participant's Model Portfolio or otherwise invest or place the amount in a cash equivalent. In these circumstances, it is possible to see a variance from target weights within a Model Portfolio, however Adviser believes the degree is not material to Participant accounts and is consistent with Adviser's fiduciary duties to its clients.

## **Trading Errors**

As a fiduciary, Adviser has the responsibility to use reasonable care to execute orders over which it has discretion accurately, promptly, and in the best interests of its clients. In the event an error occurs in the handling of a Participant transaction due to Adviser's actions or inaction, or actions of others, Adviser seeks to identify through monitoring and correct those errors as promptly as possible without disadvantaging the Participant.

To the extent that the error is Adviser's responsibility, Adviser will be responsible for any resulting loss. Any gains in a Participant's account resulting from an error are retained by the Participant.

Adviser utilizes a calculator to automatically detect and correct trade errors. The system calculates the gain or loss owed to the participant, reimburses them through a refund that is invested according to their current investment elections, and posts such corrections to the platform. The Adviser also utilizes exception reports to detect and correct any trade errors not captured by the calculator. Adviser continues to evaluate and enhance its monitoring capabilities regarding trade errors.

## **Item 13: Reviews of Accounts**

### **Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Adviser's investment personnel review the Model Portfolios and their underlying Investment Vehicles that are recommended to Plans on a quarterly basis for continued

alignment with the Adviser's investment policy statement and the investment process described in Item 8.

After a Participant has accepted a recommended Model Portfolio or a Default Allocation has been selected for a Participant, Adviser will not review the Participant account to determine whether the Model Portfolio continues to be appropriate or to assess whether a different Model Portfolio would be better. If a Participant would like to change their Model Portfolio, a Participant can use the platform to update their risk information, in which case Adviser will recommend a Model Portfolio taking into account this updated information. In addition, for those in Model Portfolios there are quarterly rebalancing reviews and glide-path features, as discussed in Item 4.

### **Content and Frequency of Regular Reports Provided to Clients**

Plan and Participant clients have access through Recordkeeper's website to quarterly reports detailing their Plan account, including assets held, asset value, investment gains, investment losses, and fees deducted. Participants can access their individual account information at any time through Recordkeeper's website and are provided with a statement on a quarterly basis.

### **Investment Management and Rebalancing**

#### *Participants Using Model Portfolio or in a Default Allocation*

Unless a Participant selects a Participant Selected Portfolio, Adviser will determine, based on the applicable Model Portfolio, which securities to purchase or sell for the Participant's account and the amount of the purchases and sales. Once each quarter, Adviser will determine whether to rebalance the Participant's account assets based on the applicable Model Portfolio.

Unless a Participant chooses a Participant Selected Portfolio or opts-out of the glide-path feature, the Adviser will periodically select a different Model Portfolio with the goal of gradually reducing the expected risk of the Participant's Model Portfolio as the Participant ages. After Adviser selects a different Model Portfolio for the Participant, Adviser will make any subsequent rebalancing of the Participant account based on the replacement Model Portfolio. Adviser will determine the timing of any such change in its discretion and will generally make such determination based solely on the Participant's progression across age bands (which may span five, ten or more years) that Adviser



establishes from time to time. Adviser's automated portfolio adjustment process is designed solely to gradually reduce the expected risk of the Participant's Model Portfolio as they age, taking into account any risk information that the Participant provides, and does not reflect an assessment of the Participant's investment objectives or financial condition at the time of any adjustment. Reducing the risk in the Participant's account can reduce the investment returns. A Participant can opt-out of the automated portfolio adjustment process by logging into the platform and declining this option.

After the Participant has accepted a recommended Model Portfolio (or the Adviser has selected a Default Allocation for the Participant), Adviser will not review Participant's account to determine whether the Model Portfolio continues to be appropriate or to assess whether a different Model Portfolio would be better for the Participant. If a Participant would like to change their Model Portfolio, the Participant can update their risk information on the platform, in which case Adviser will recommend a Model Portfolio taking into account this updated information.

Adviser is permitted to alter the age ranges of those invested in a certain Default Allocation, alter the age ranges for its glide-path feature, or revise its Model Portfolios, and these actions could result in the Adviser selecting a new Model Portfolio or modifying a Model Portfolio for a Participant's account at any time based on factors it determines to be appropriate, which can also include changes in market and economic conditions, and changes in or availability of the Investment Vehicles.

#### *Participants Using a Participant Selected Portfolio*

If a Participant chooses a Participant Selected Portfolio, Adviser will not rebalance the account, and contributions will be invested approximately in proportion to the targets established for the Participant Selected Portfolio subject to certain limitations. A Participant can choose to receive a recommendation of a Model Portfolio from Adviser at any time using the platform and accept such recommendation.

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

### **Economic Benefits Provided by Third Parties for Advice Rendered to Clients**

Adviser does not economically benefit, directly or indirectly, from third parties for investment advice rendered to Adviser's clients. Additionally, there are investment managers whose products are available as Investment Vehicles (or may in the future be

made available) that also have an ownership interest in the Recordkeeper, as discussed further in Item 10 at “Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections.”

### **Compensation to Third Parties for Client Referrals**

Recordkeeper utilizes the services of unaffiliated firms as referral agents to assist with finding new clients for its recordkeeping services. In consideration for such services, Recordkeeper compensates the unaffiliated firm with a negotiable dollar amount at the time of the referral, or a percentage of Recordkeeper’s administrative services fees. Compensation with respect to the foregoing is disclosed to each client, to the extent required.

In some cases, a third party advisor that provides investment advisory services independent of and in addition to Adviser’s services can refer clients to Recordkeeper. Unrelated to a referral fee, Recordkeeper will facilitate the payment to the third-party advisor for their advisory services to the Plan. Such third-party advisor fees are separately negotiated between the third party advisor and the Plan as discussed in Item 5.

These arrangements create an incentive for a third party or existing client to refer prospective clients to Recordkeeper, even if the third party would otherwise not make the referral.

While these referrals are to the Recordkeeper, the Adviser is an affiliate and can benefit from a successful referral to the Recordkeeper to the extent it raises assets for the Adviser and related asset-based fees.

## **Item 15: Custody**

Adviser’s authority to deduct advisory fees from Plan assets results in Adviser being deemed to have constructive custody of those assets. In addition, beginning in the second quarter of 2024, Recordkeeper will deduct asset-based fees for recordkeeping and custodial services from Plan assets, and as a result, Adviser could be deemed to have constructive custody of Participant funds because of the ability of Recordkeeper, an affiliate of the Adviser, to deduct those fees. All assets in the Plan account, including funds, cash, and securities are held by a qualified custodian, and such accounts are required to undergo surprise examinations by an independent public accountant.

Advisory fees are deducted from Plan assets per the Plan's instructions, which will be reflected in the balance of Participant accounts.

Plans and Participants receive quarterly statements from the Recordkeeper that they should carefully review. Additionally, Plans receive a monthly statement from the Custodian, and any discrepancies should be brought to the attention of the Adviser.

## **Item 16: Investment Discretion**

Adviser exercises discretionary trading authority with regard to the Model Portfolios used in Participant portfolios. Adviser has the ability to buy, sell and exchange the underlying investments in a Model Portfolio within a Participant's account without obtaining prior consent from Participants. In addition, Adviser has discretionary authority when liquidating Participant holdings to generate cash to pay advisory fees and Recordkeeper fees.

Plans are required to submit an order form prior to engaging the Adviser for services, while the Participant advisory relationship is formed when the Participant receives the Default Allocation or makes use of the discretionary advisory services available on the platform. The Adviser does not exercise discretionary authority or provide recommendations when the Participant uses a Participant Selected Portfolio.

## **Item 17: Voting Client Securities (Proxy Voting)**

Adviser will not ask for, nor accept voting authority for Participant held securities. Clients will receive proxies directly from the issuer of the security or the Custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **Balance Sheet**

Adviser neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither Adviser nor its parent company, Recordkeeper, has any financial condition that is likely to reasonably impair Adviser's ability to meet contractual commitments to clients.

### **Bankruptcy Petitions in Previous Ten Years**

Adviser has not been the subject of a bankruptcy petition.