



Homrich Berg

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This Brochure provides information about the qualifications and business practices of Homrich Berg (sometimes referred to as “we” in this brochure). If you have any questions about the contents of this Brochure, please contact us at 404-264-1400. 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.

Homrich Berg is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Homrich Berg also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Material Changes**

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated 03/31/2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Going forward, we will deliver to you a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting April Jones, Marketing Assistant, at 404-264-1400 or [jones@homrichberg.com](mailto:jones@homrichberg.com).

Additional information about Homrich Berg is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any Homrich Berg employees who are registered as investment adviser representatives of Homrich Berg.

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#### **Item 4 – Advisory Business**

Homrich Berg was founded in 1989. Homrich Berg's principal owners are Andrew Berg, Franklin Butterfield, Anthony Guinta, Adam Fuller, and Andrew Klepchick.

Homrich Berg primarily provides wealth management services. We provide these services mainly to individuals and families, but also to trusts, retirement plans, corporate entities and family offices. Homrich Berg's investment management services involve the review of client portfolios with respect to stated investment objectives, other outside assets of the client, and the obligations of the client. Homrich Berg also provides specific investment advice solely on the basis of investment objectives and instructions received from the client.

Homrich Berg considers the client's specific goals and risk tolerance and our capital markets outlook when directing assets to domestic and international investments (e.g. stocks, bonds, hedge funds, real estate, commodities and private alternatives).

Investment purchases are generally made through Charles Schwab & Company but may also include TD Ameritrade, Fidelity Investments, or other broker-dealers if appropriate. Using the custodian's services, each client opens a custodial/brokerage account and authorizes Homrich Berg to effect transactions on his or her behalf. The custodian's services offers the client the advantage of, among other things, online access to accounts, a dedicated service team for handling client matters, and a broad range of investment and asset management options.

Homrich Berg provides its clients with periodic summaries of the firm's outlook on the capital markets. In addition, Homrich Berg occasionally sends general industry, individual company, or economic reports to clients (and at times, other persons) that may have a particular interest in the subject of this material.

Homrich Berg consults with its clients on other wealth management matters. Such advice includes, but is not limited to, cash flow planning, planning for retirement income needs, wealth transfer and estate planning, insurance planning, income tax planning, and other non-security services agreed upon by Homrich Berg and the client. These services may be referred to as financial planning or some similar term.

All investment management and financial planning services clients retain Homrich Berg by entering into a written agreement. This agreement may be terminated within five (5) days of the executing date of the agreement or by either party with a written notice thirty (30) days prior to termination as agreed upon. Fees will be prorated to the date of the termination as specified in the notice and any unearned portion of prepaid fees will be refunded to the client.

The values and returns for pooled hedge fund entities are computed monthly and reported with a one month lag. This is to ensure quarterly reports are delivered in a timely manner since the fund values can take weeks to calculate due to the nature of their investments. Fees related to fund values will be based on the one month lag value. This may result in a higher or lower fee based on the current value of the fund. Not all HB clients have investments in hedge fund entities.

Market values of other pooled investments (e.g. private equity, real estate and commodities) are estimated by Homrich Berg on a quarterly basis. The estimated market values affect client fee and rate-of-return calculations.

### **Legal Proceedings**

HB has engaged a third party service provider, Chicago Clearing Corporation (“CCC”), to monitor and file securities claims class action litigation paperwork with Claims Administrators on behalf of HB Clients. HB may share client information such as name and account number with CCC in connection with this service. HB does not receive any fees or remuneration in connection with this service nor does it receive any fees from the third party provider(s). CCC earns a fee of 20% of all claims they collect on behalf of HB Clients. This fee is retained by CCC out of the claims paid by the Claim Administrator. Clients may opt out of this service at any time. If a Client opts out, HB has no obligation to advise or to take any action on behalf of a client in any legal proceedings, including bankruptcies or class actions, involving investments held in or formerly held in a client's account. HB will forward to the client or to the client's custodian any notices received relating to pending class actions involving a client's account.

### **Trade Allocations**

Trades are generally executed at the account level. In infrequent circumstances, a block trade may be executed and portions of the block allocated to various customer accounts. The block transactions are allocated in a fair and equitable manner taking into consideration such factors including, but not limited to, clients cash availability, suitability for participation, and other pending orders. If an order is only partially filled, an attempt will be made, when possible, to allocate on a pro rata basis. When this is not practical, allocation will be made such that, over time, no client will be advantaged or disadvantaged in relation to other client accounts.

### **Trading Errors**

Any trading error that may occur in a client's account will be reported immediately upon discovery to a principal, and any such error will be resolved promptly. A written explanation will be prepared detailing the circumstances and outcome of the error which will be reviewed

and approved by a principal and a compliance officer. In no case will a client account suffer a loss resulting from a trading error caused by HB.

### **Business Continuity**

HB has developed an immediate and long term contingency and disaster recovery plan (“CDRP”) which will be followed in the event of a business disruption. The objectives of the plan are to minimize the impact upon the safety of the firm's employees, protect against the loss or damage of firm assets, and provide alternative site processing with a minimum of inconvenience to firm clients.

A copy of a summary of the CDRP is available upon request. Please contact the Chief Compliance Officer at 404-264-1400 for a copy.

### **Assets Under Management**

Homrich Berg provides discretionary and non-discretionary asset management. In addition, Homrich Berg also advises clients on assets and makes investment recommendations to clients on assets where Homrich Berg has no ability to place trade for the clients. In this situation, we refer to those assets as “assets under advisement”. However, we have not included such “assets under advisement below”. Our assets under management as of 12/31/2010 were as follows:

Discretionary:	\$1,744,694,203
Non Discretionary:	\$ 354,566,491
Total:	\$2,099,260,694

### **Item 5 – Fees and Compensation**

Homrich Berg 's fee for providing investment management and financial planning services depends on two main factors. The two main factors are (1) the scope, complexity, and frequency of the services to be provided, and (2) the value of the investment capital placed under Homrich Bergs discretionary management. Homrich Berg generally imposes a minimum annual fee for its services as set forth in the schedules and may negotiate a fee below the annual minimum where circumstances warrant. Homrich Berg may request reimbursement of out-of-pocket expenses it incurs in providing services to its clients.

Homrich Berg 's compensation for services is calculated and payable in accordance with the agreed upon fee schedule. The fee schedule is applied by Homrich Berg to the market value of assets (in some cases excluding the margin balances) of the client's accounts as reasonably determined by Homrich Berg at the beginning of each calendar quarter. Fees are paid in

advance at the beginning of each calendar quarter. Homrich Berg deducts fees from client accounts as described in the client agreement. In some cases, the firm will allow a client to pay by check instead of the account fee deduction. Homrich Berg occasionally provides financial services to clients on an hourly rate basis. Our fees are negotiable.

Homrich Berg has provided certain investment vehicles to clients that have a performance fee structure. In general, these investments provided HB the right to collect performance fees. Homrich Berg has not exercised its right to performance fees since 1998. Homrich Berg does not include performance fees on any investment it now recommends and has not done so since June 2002.

Homrich Berg's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment managers and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. We advise each client to read the appropriate prospectus for mutual funds and ETF's in addition to operating agreement and offering memorandum of private investment partnerships for a list of expenses. Such charges, fees and commissions are exclusive of and in addition to Homrich Berg's fee, and Homrich Berg shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that Homrich Berg considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

HB's standard fee schedules are as follows:

#### INVESTMENT MANAGEMENT SERVICES

<b>Market Value of Portfolio</b>	<b>Annual Fee</b>
First \$ 2,000,000	1.00%
Next \$ 3,000,000	0.75%
Over \$ 5,000,000	0.50%

#### FINANCIAL PLANNING AND INVESTMENT MANAGEMENT SERVICES

<b>Market Value of Portfolio</b>	<b>Annual Fee</b>
First \$ 5,000,000	1.00%
Next \$ 5,000,000	0.75%

Over \$ 10,000,000

0.50%

Payment of fees may be paid directly to HB by the client, or payment of fees may be made by the independent custodian holding the client's investments.

When payment is to be made by the custodian:

- (1) The client provides written authorization permitting the fees to be paid directly from the client's account held by the custodian;
- (2) HB provides the custodian the amount of the fee;
- (3) HB sends to the client an invoice that shows the amount of the fee, the value of the client's assets upon which the fee is based, and the specific manner in which the fee is calculated;
- (4) The custodian discloses to the client that it is the client's responsibility to verify the accuracy of the fee calculation and that the custodian has not determined whether the calculation is properly made; and
- (5) The custodian sends to the client an account statement that shows all amounts disbursed from the client's account.

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

Homrich Berg does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

#### **Item 7 – Types of Clients**

Homrich Berg provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, private investment funds, and trusts.



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

Investing in securities involves risk of loss that clients should be prepared to bear. Homrich Berg provides advice on securities such as mutual funds, exchange traded funds (ETF), exchange traded notes (ETN), bonds, stocks, hedge funds, private equity funds, real estate funds, and natural resources funds. Our methods of analysis, investment strategies, and certain risks are described below.

### **Third-party equity and fixed income mutual funds, ETFs/ETNs, hedge funds, private partnerships - *Methods of Analysis***

**Quantitative Analysis** – When evaluating third-party managers, we use a variety of investment factors that include, but are not limited to, performance statistics, risk statistics, volatility, concentration (sector, position, and geographic), market-cap weightings, and liquidity of underlying securities. For passive (index) investments, we evaluate the index methodology.

#### **Qualitative Analysis**

**Team** – We evaluate the strength of the investment team which includes, but is not limited to, determining key decision makers, relevant experience, compensation structure, alignment of interests, employee turnover, and ownership structure.

**Process** – We determine whether we believe the investment process is repeatable and if it has remained consistent in various market environments. We evaluate how idea sourcing occurs, how security selection is made, and how the portfolio construction is determined.

### ***Additional Methods of Analysis and Risks for individual bonds***

**Individual security risks** – Analysis of individual bonds includes, but is not limited to, evaluation of the underlying ratings of the securities, analysis of spreads versus similarly rated bonds, and analyzing the overall shape of the yield curve. We evaluate the bond structure (e.g. general obligation bonds vs. revenue bonds). We seek bonds that offer proper diversification to the client's portfolio in terms of sector, geography, and maturity.

### ***Additional Methods of Analysis and Risks for ETFs***

**Liquidity analysis** – Illiquidity of ETFs is a risk that must be evaluated. We analyze trading volume and determine if we should place trades outside of market orders to protect our clients from wide bid/ask spreads which may result in unfavorable pricing.

### ***Additional Methods of Analysis and Risks for ETNs***

Counterparty risk – ETNs are exchange traded notes that are senior, unsecured debt securities issued by an underwriting bank and are therefore backed only by the credit of the issuer. As part of our analysis, we review the credit-worthiness of the underlying issuer.

### ***Additional Methods of Analysis and Risks for hedge funds***

Operational due diligence checks – Because hedge funds do not provide full transparency or daily liquidity, we perform an extra layer of analysis. These include, but are not limited to, assessment of valuation policies, cash management controls, portfolio risk management, reliability of systems, and checks on their service providers. In addition, we review legal documents.

### ***Additional Methods of Analysis and Risks for private partnerships***

Deal flow/sourcing – Because private partnerships are often blind pools (investors know the strategy but not the specific investments), we attempt to determine if the management team will be able to generate sufficient deal flow and has the appropriate contacts to source attractive opportunities.

Valuation methods – Because private partnerships are illiquid and often have long durations, we must determine that we are comfortable with the valuation policies in place and they are an accurate depiction of the value of the underlying investments.

Fund terms – Terms for private investments are more complicated than mutual funds and ETFs. We must become comfortable with the partnership's terms and determine that they are not onerous for underlying investors.

## **Item 9 – Disciplinary Information**

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Homrich Berg or the integrity of Homrich Berg's management. Homrich Berg has no information applicable to this Item.

## **Item 10 – Other Financial Industry Activities and Affiliation**

**H&B Partners, LLC ("Partners")** a Georgia limited liability company, was formed in 1998 and is owned by HB Principals Andrew Berg, Frank Butterfield, Adam Fuller, and Anthony

Guinta. Partners serves as managing member for the following twelve investment vehicles organized by the investment committee of HB. Partners does not receive fees for its management services from the investment vehicles. Partners is reimbursed the cost of various incidental operating expenses (licenses, mail service, etc.) paid for the benefit of the investment vehicles.

1) H&B Real Estate Ventures I, LLC, a Georgia limited liability company formed as a vehicle for HB's clients to invest in an unaffiliated limited liability company formed to acquire a shopping center in Atlanta, Georgia. H&B Partners became the managing member in 2000 by vote of the participating members. The fund is currently closed to new members;

2) H&B Hedge Fund, LLC, a Georgia limited liability company formed in 1998 as a vehicle for HB's clients to invest in private hedge funds not affiliated with either HB or H&B Partners, LLC;

3) H&B Hedge Fund II, LLC, a Georgia limited liability company formed in 2000 as a vehicle for HB's clients to invest in private hedge funds not affiliated with either HB or H&B Partners, LLC. The fund is currently closed to new members;

4) H&B Equity Ventures Fund I, LLC, a Delaware limited liability company formed in 2000 as a vehicle for HB's clients to invest in private equity (including venture capital and leveraged buyout companies) funds not affiliated with either HB or H&B Partners, LLC. This fund is currently closed to new members;

5) H&B Hedge Fund III, LLC, a Georgia limited liability company formed in 2002 as a vehicle for HB clients to invest in private hedge funds not affiliated with either HB or H&B Partners, LLC. The fund is currently closed to new members;

6) H&B Georgia Tax Exempt Bond Fund, LLC, a Georgia limited liability company formed in 2003 as a vehicle for HB's clients to invest in bonds issued primarily by the state of Georgia, its counties and municipalities.

7) H&B Hedge Fund IV, LLC, a Delaware limited liability company formed in 2003 as a vehicle for HB clients to invest in private hedge funds not affiliated with either HB or H&B Partners, LLC. The fund is currently closed to new members;

8) H&B Real Estate Ventures III, LLC a Georgia limited liability company formed in 2003 as a vehicle for HB clients to invest in unaffiliated diversified real estate properties and funds invested in real estate investments. The fund is currently closed to new members;

9) H&B Equity Ventures Fund II, LLC, a Delaware limited liability company formed in 2005 as a vehicle for HB's clients to invest in private equity (including venture capital and leveraged

buyout companies) funds not affiliated with either HB or H&B Partners, LLC. The fund is currently closed to new members;

10) H&B Real Estate Ventures IV, LLC, a Georgia limited liability company formed in 2005 as a vehicle for HB clients to invest in unaffiliated diversified real estate properties and funds invested in real estate investments. The fund is closed to new members;

11) H&B Natural Resources I, LLC, a Georgia limited liability company formed in 2005 as a vehicle for HB clients to invest in unaffiliated diversified natural resources and funds invested in natural resource investments. The fund is currently closed to new members;

12) Income Opportunity Fund, LP, a Delaware limited partnership formed in 2011 as a vehicle for clients to invest in selected equity, debt, fixed income, real estate, natural resource, and distressed assets in both public and private markets.

**2008 Opportunity Partners, LLC**, a Delaware limited liability company, was formed in 2008 and is owned by HB Principals Andrew Berg, Frank Butterfield, Adam Fuller, Anthony Guinta, and Andrew Klepchick. Opportunity Partners, LLC serves as General Partner to the 2008 Opportunity Fund, L.P. listed below. Opportunity Partners, LLC does not receive fees for its management services from fund listed below. 2008 Opportunity Partners, LLC is reimbursed the cost of various incidental operating expenses (licenses, mail service, etc.) paid for the benefit of the 2008 Opportunity Fund, L.P.

1) 2008 Opportunity Fund, L.P., a Delaware limited partnership formed in 2008 as a vehicle for HB clients to invest in private markets (including private equity, real estate, natural resources, and distressed debt). The fund is currently closed to new members.

## **Item 11 – Code of Ethics**

Homrich Berg has adopted a Code of Ethics for all employees of the firm that describes its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to personal securities trading procedures. All employees of Homrich Berg must acknowledge the terms of the Code of Ethics annually, or as amended.

Homrich Berg anticipates that, when consistent with clients' investment objectives, it may recommend that investment advisory clients or prospective clients purchase or sell securities in which Homrich Berg, its affiliates, and/or clients have a position of interest. Homrich Berg's employees are required to follow Homrich Berg's Code of Ethics. Subject to satisfying this policy employees of Homrich Berg may trade for their own accounts in securities which are recommended to and/or purchased for Homrich Berg's clients. The Code of Ethics is designed to

assure that the personal securities transactions, as well as activities and interests of the HB employees, will not interfere with (i) making decisions in the best interest of clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between HB and its clients. HB has engaged a third party software provider which allows HB to electronically monitor employee trading activity.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with HB's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. HB will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Homrich Berg's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Christopher Casdia at 404-264-1400 or [casdia@homrichberg.com](mailto:casdia@homrichberg.com).

## **Item 12 – Brokerage Practices**

HB has discretion over those accounts under its management as specified in the contractual agreement it enters into with the client. HB buys or sells specific securities in amounts that are a function of HB's understanding of the client's objectives, tolerance for risk, and financial resources in addition to any client imposed trading restrictions. These factors act as limitations on HB's authority and investment discretion.

Except in the case of selected individual fixed income securities (corporate bond, municipal bond, government bond, etc.), HB directs securities transactions to the custodian which maintains the customer account. The custodian is also the broker-dealer used for execution of the transaction. HB does not have the ability to negotiate commissions on a trade by trade basis under normal circumstances. However, at the onset of a relationship with a custodian and periodically thereafter, HB may negotiate standard commission rates for all its client accounts. HB attempts to negotiate the most favorable rates for its clients on a global scale. However, the rates negotiated by HB may not be the lowest available rates found in the market. When selecting a custodian for client accounts, HB considers the overall value of services provided by the custodian to clients of HB. Generally, HB's clients do not pay higher commissions for those services. In most cases HB suggests the use of the custodial and brokerage services of Charles Schwab & Co., Inc., TD Ameritrade, or Fidelity Investments, who are all independent and non-affiliated broker-dealers.

When selecting a custodian or broker-dealer, HB considers several factors including:

- (a) The firm's quality of service and commitment to the business;
- (b) Overall costs, including but not limited to: wire transfers, check requests, overnight delivery, trade-away fees, etc.
- (c) Execution, clearance and settlement capabilities;
- (d) Whether the firm offers insurance in excess of the insurance afforded by the Securities Investor Protection Corporation;
- (e) Investment product availability and online tools;
- (f) The broker-dealer's financial stability; and
- (g) The firm's willingness to negotiate commission and margin interest rates.

Accordingly, transactions will not always be executed by the custodian/broker-dealer at the lowest available commission.

In the case of individual fixed income securities where markets may be less liquid, HB may search the inventories of multiple broker-dealers and custodians in the effort to obtain better pricing. In such cases, HB will attempt to get competitive pricing from multiple sources and execute the transaction at what it believes are the best terms for the client. When selecting fixed income dealers HB considers several factors including access to fixed income inventory, execution speed, reliability, pricing, and fees.

### Schwab Advisor Services

For most clients, HB recommends that client opens and maintains brokerage accounts with Charles Schwab & Co., Inc., a registered broker-dealer in order to maintain custody of assets and to execute trades.

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

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like HB. Schwab provides HB and its clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help HB manage or administer clients' accounts, while others help HB manage and grow its business. Schwab's support services generally are available on an unsolicited basis (HB does not have to request them) and at no

charge as long as HB's clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If HB's clients collectively have less than \$10 million in assets at Schwab, Schwab may charge HB quarterly service fees of \$1,200. Following is a more detailed description of Schwab's support services:

#### *Services that Benefit Clients*

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which HB might not otherwise have access or that would require a significantly higher minimum initial investment by HB's clients.

#### *Services that May Not Directly Benefit Clients*

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

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

#### *Services that Generally Benefit Only Homrich Berg*

Schwab also offers other services intended to help HB manage and further develop its business enterprise. These services include:

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

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

these services or pay all or a part of a third party's fees. Schwab may also provide HB with other benefits, such as occasional business entertainment of HB's personnel.

#### *Homrich Berg's Interest in Schwab's Services*

The availability of these services from Schwab benefits HB because we do not have to produce or purchase them. HB does not have to pay for Schwab's services so long as HB's clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon HB committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give HB an incentive to recommend that clients maintain accounts with Schwab, based on HB's interest in receiving Schwab's services that benefit HB's business rather than based on clients' interests in receiving the best value in custody services and the most favorable execution of transactions. This is a potential conflict of interest. HB believes, however, that its recommendation of Schwab as custodian and broker is in the best interests of clients. HB's selection is primarily supported by the scope, quality, and price of Schwab's services. HB does not believe that recommending clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

#### *Soft Dollars*

In addition to the above services, HB receives research and other soft dollar benefits from Charles Schwab & Co. in connection with client transactions. These benefits include third party research, subscriptions, and tools which assist HB with research and portfolio analytics and are at no cost to us. By receiving these benefits without cost to us, there is an inherent conflict of interest in HB advising clients to open and maintain their investment account(s) with Schwab as we may have an incentive to do so over other similar custodians. Despite the benefits to us, we do not believe they are so material to our business that they would influence our decision to recommend Schwab as a custodian to our clients for the fact that similar soft dollar relationships are available with other qualified custodians. We use such research and soft dollar benefits to help us service all client accounts, not just those that generated the benefits. We do not seek to allocate research and soft dollar benefits to client accounts in proportion to how those accounts generate soft dollars. While soft dollar and other research benefits are available to us, these benefits are not a factor in executing transactions. Rather, our trader(s) seek the best available price irrespective of any soft dollar benefit.

### **Item 13 – Review of Accounts**

Reviews of client accounts are ordinarily performed on at least a quarterly basis. A significant change in economic conditions, in the client's financial and investment objectives, or in the



client's risk tolerance may also trigger a review. The level of the review is dependant upon the triggering factor and can be brief or in-depth. A brief review may involve the verification of holdings, allocations, or minor changes in objectives. An in-depth review includes an evaluation of investor holdings against model allocations, investment policy statements, and financial objectives.

HB has at least five principals and seven client service teams. Each client is assigned to a principal who may use a client service team. Client service teams are comprised of a director or senior associate, associates and an administrator. Client accounts are reviewed by principals and the team's associates. The members of the client service team work together in performing various functions on each account depending on the complexity of the work and the particular client situation. Client service teams are usually assigned an average of approximately 90 clients.

HB generally reports quarterly to clients on the performance of their accounts. These reports typically include a listing of accounts with holdings and values, an investment allocation chart, and investment performance. Performance for the total portfolio and by each asset class is compared against relevant indices. In addition to quarterly portfolio correspondence and client mailings, clients may consult with HB when they have a change in circumstances.

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

Homrich Berg has entered into third party consultant and referral fee agreements. Such agreements allow Homrich Berg to compensate employees or other professionals and consultants for client referrals through the sharing of applicable investment advisory fees or a finder's fee when appropriate. Advisory fees for referred clients are not greater than fees charged to other Homrich Berg clients and all advisory fees are fully disclosed to the client.

HB receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through HB's participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with HB. Schwab does not supervise HB and has no responsibility for HB's management of clients' portfolios or HB's other advice or services. HB pays Schwab fees to receive client referrals through the Service. HB's participation in the Service may raise potential conflicts of interest described below.

HB pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by HB is a percentage of fees the client owes to HB or a percentage of the value of the assets in the client's account, subject to a

minimum Participation Fee. HB pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to HB quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by HB and not by the client. HB has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs HB charges clients with similar portfolios who were not referred by the Service.

HB generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees HB generally would pay in a single year. Thus, HB will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of HB's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, HB will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit HB's fees directly from the accounts.

For accounts of HB's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from HB's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, HB may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. HB nevertheless acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for HB's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

We receive economic benefits from Schwab in the form of support products and services in connection with our customers maintaining their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above in section 12. The availability of these products and services is not based on us giving any particular investment advice such as buying particular securities or products for our clients.

## **Item 15 - Custody**

Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. Homrich Berg urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 – Investment Discretion**

HB has discretion over those accounts under its management as specified in the contractual agreement it enters into with the client. HB buys or sells specific securities in amounts that are a function of HB's understanding of the client's objectives, tolerance for risk, and financial resources in addition to any client imposed trading restrictions. These factors act as limitations on HB's authority and investment discretion.

In some limited cases, Homrich Berg may accept an account on a non-discretionary basis. In this instance, Homrich Berg will discuss investment decisions and transaction with the client prior to making the transaction.

## **Item 17 – Voting *Client* Securities**

HB clients retain the right to vote all proxies and HB is precluded from voting proxies on client's behalf. However, HB may provide advice to clients regarding the clients' voting of proxies if requested. Clients participating in certain investment opportunities may authorize the underlying managers to vote proxies on their behalf through the terms of the investment advisory agreements. A copy of the firm's proxy voting policy is available upon request. Please contact the Chief Compliance Officer at 404-264-1400 for a copy.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Homrich Berg's financial condition. Homrich Berg has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.