

**Part 2A of Form ADV: *Firm Brochure***



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08/08/2012

This brochure provides information about the qualifications and business practices of Redhawk Wealth Advisors, Inc.. If you have any questions about the contents of this brochure, please contact us at 952-835-4295 or [support@redhawkwa.com](mailto:support@redhawkwa.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Redhawk Wealth Advisors, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 146616.

## **Item 2    Material Changes**

The SEC adopted "Amendments to Form ADV" in July, 2010. This Firm Brochure, dated 03/23/2011, is our new disclosure document prepared according to the SEC's new requirements and rules. As you will see, this document is a narrative that is substantially different in form and content, and includes some new information that we were not previously required to disclose.

After our initial filing of this Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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## **Item 4     Advisory Business**

Redhawk Wealth Advisors, Inc. is a SEC-registered investment adviser with its principal place of business located in Minnesota. Redhawk Wealth Advisors, Inc. began conducting business in 2008.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Daniel Edward Hunt, CEO

Redhawk Wealth Advisors, Inc. offers the following advisory services to our clients:

### **MODEL PORTFOLIO MANAGEMENT**

Redhawk provides portfolio management services to clients using proprietary asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal.

#### **Capital Preservation (CP) 2 Folio**

The intent of an investor using this portfolio is to preserve capital by favoring a balanced mix between equity and fixed income asset classes. Because we own equity and bond ETFs, and because all of those allocations can go to cash if weakness is encountered, the objective is to capture some or a majority of the average market return over time while achieving a lower risk level than the S&P 500. There are 15 asset classes used, including cash. There are greater allocations to U.S. equities over international developed and emerging markets. There are also small allocations to real estate and commodities.

#### **Capital Preservation (CP) 3 Folio**

The intent of an investor using this portfolio is to preserve capital by favoring a balanced mix between equity and fixed income asset classes. Because we own equity and bond ETFs, and because all of those allocations can go to cash if weakness is encountered, the objective is to capture some or a majority of the average market returns over time while achieving a lower risk level than the S&P 500. There are 14 asset classes used, including cash. There are slightly higher allocations to U.S. equities over international developed and emerging markets. There is also a small allocation to real estate.

#### **Capital Preservation (CP) 4 Folio**

The intent of an investor using this portfolio is to preserve capital by favoring a balanced mix between equity and fixed income asset classes. Because we own equity and bond ETFs, and because all of those allocations can go to cash if weakness is encountered, the objective is to capture some or a majority of the average market returns over time while achieving a lower risk level than the S&P 500. There are 11 asset classes used, including cash. There are greater allocations to U.S. equities over international developed and emerging markets. There is also a small allocation to real estate.

## **Capital Preservation Tactical (CPT) Folio**

The intent of an investor using this portfolio is to preserve and grow capital by employing a tactical equity strategy similar to GM1, but that can go partially or 100% to cash based on the same short-term trend indicators employed in all the other CP models. This model demonstrates that risk can be greatly reduced in an all equity portfolio (no bonds) if a short-term cash signal is employed as part of the strategy. Unlike other CP Models, allocations are not fixed. The strong Styles, Sectors, Global Regions, etc. can be over-weighted (within bounds), and the weak ones can be avoided entirely.

## **Capital Preservation Flex (CP-F) Folio**

The goal of the Capital Preservation-Flex Folio is to protect and grow assets through a strategic asset allocation strategy developed by Harry Browne (established in 1982) and overlaying a tactical signal strategy to help protect each asset class during prolonged and dramatic shifts in the markets. Another feature is that the gold and silver components can be dialed up/down/off as those markets can be more volatile, but can also produce excess potential returns as they have over the last decade and longer. The intent of an investor using this portfolio is to preserve and increase purchasing power over the long term through investments in a relatively narrow and flexible array of asset classes. The Folio invests a fixed target percentage of its net assets in equities, bonds, real estate, commodities and cash. While loss of principal is possible in all of our portfolios, the Capital Preservation Flex Folio maintains a conservative, below S&P 500 risk factor. Volatility (beta) is currently 0.32. This compares to the S&P 500 benchmark of 1.0 (theoretically has 32% of the risk of owning the S&P 500).

## **Growth Model (GM) 1 Folio**

The intent of an investor using this portfolio is to provide long-term capital appreciation and allocates 100% to equities, except during longer-term market downturns when it can aggressively raise cash. Because it is a 100% equity portfolio (except when it raises cash), investors are seeking to exceed S&P 500 index returns over any 3-year period. Up to 40% of this model may be allocated to international developed and emerging markets.

## **Growth Model (GM) 2 Folio**

The intent of an investor using this portfolio is to provide long-term capital appreciation and allocates 100% to equities, except during longer-term market downturns when it can aggressively raise cash. Because it is a 100% equity portfolio (except when it raises cash), investors are seeking to exceed S&P 500 index returns over any 3-year period. Up to 60% of this model may be allocated to international developed and emerging markets.

## **Growth Model (GM) 3 Folio**

The intent of an investor using this portfolio is to provide long-term capital appreciation and allocates 100% to equities, except during longer-term market downturns when it can aggressively raise cash. Because it is a 100% equity portfolio (except when it raises cash), investors are seeking to exceed S&P 500 index returns over any 3-year period. Up to 100% of this model may be allocated to international developed and emerging markets.

### **High Dividend (HD) Folio**

The goal of the High Dividend Yield Folio is to grow assets and to produce current income through a global tactical asset allocation strategy, focusing on high dividend paying stocks and investment grade corporate bonds. In moderate-to-severe market downturns there is an ability to preserve capital by raising cash. The High Dividend Yield Folio is designed to work over the longer-term and will maintain equity and fixed income positions (versus cash) longer than the CP and CPT Folios. The High Dividend Yield Folio has the potential to outpace inflation and achieve returns similar to the S&P 500 (after fees), over any rolling 3-year term. While loss of principal is possible in all of our portfolios, the High Dividend Yield Folio maintains a moderate, below S&P 500 risk factor. There are approximately 10 asset classes that are used, normally represented by one position in each. The asset classes include U.S. and International Large Growth, Large Value, Utilities, REITs, Preferred Stocks, and Bonds. Asset classes in most cases will be equally-weighted. The biggest exception to this will be when we are holding cash or a substitute for cash. However, asset classes used and the percentage allocations to each can still change at any time.

### **High Dividend Flex (HD-F) Folio**

The Redhawk "High Dividend Flex" Folio is primarily comprised of ETFs that invest in Hi-Yield corporate bonds, along with smaller allocations to other dividend producing sectors for added diversification. The beta, or risk level, of high yield bonds is consistently about 0.50% versus the S&P 500. Redhawk has added a tactical cash call to the portfolio to bring the beta down further. The primary objective of this portfolio is high current income. The secondary objective is preservation of capital. Since high yield bonds are more sensitive to the stock market than other bond asset classes, capital preservation is achieved through the use of a stock market "cash call" model. It is designed to avoid major bear markets, not short-term market corrections. If the model signals to raise cash, this portfolio will temporarily shift all or a portion of the assets into either a broad-based bond index composed of approximately 70% government bonds and 30% investment grade corporate bonds, or into a money market fund, whichever has the higher yield at the time.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Through personal discussions with the client in which our risk tolerance questionnaire is completed, the client's goals and objectives are established and we determine if the model portfolio is suitable to the client's circumstances. Once we determine the suitability of the portfolio, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs. Clients, nevertheless, have the opportunity to place reasonable restrictions on the types of investments to be held in their account. Clients retain individual ownership of all securities.

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and will generally include advice regarding the

following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

1. at least annually, contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
2. be reasonably available to consult with the client; and
3. maintain client suitability information in each client's file.

#### **AMOUNT OF MANAGED ASSETS**

As of 08/08/2012, we were actively managing \$71,555,074 of clients' assets on a discretionary basis plus \$8,409,972 of clients' assets on a non-discretionary basis.

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

## MODEL PORTFOLIO MANAGEMENT FEES

Redhawk's annual fees for Model Portfolio Management Services are based upon a percentage of assets under management and generally range from 0.50% to 1.50%. The individual Representative may charge an additional fee to their clients as indicated below (see 'Rep's Fee').

The annualized fee for Model Portfolio Management Services will be charged as a percentage of assets under management, according to the following schedule:

### Growth Model (GM) Folios

Value of Account	Advisor's Fee	Rep's Fee (0-1.00%)	Portfolio Manager's Fee
\$99,999 or less	75 bpts*	_____bpts	75 bpts
\$100,000-\$249,999	65 bpts	_____bpts	65 bpts
\$250,000-\$499,999	60 bpts	_____bpts	60 bpts
\$500,000-\$999,999	55 bpts	_____bpts	55 bpts
\$1,000,000-\$1,999,999	49 bpts	_____bpts	49 bpts
\$2,000,000-\$2,999,999	47 bpts	_____bpts	47 bpts
\$3,000,000-\$3,999,999	45 bpts	_____bpts	45 bpts
\$4,000,000 or more	negotiable	_____bpts	negotiable

\*(100 basis points "bpts" = 1%)

### Capital Preservation (CP) & Capital Preservation Tactical (CPT) Folios

Value of Account	Advisor's Fee	Rep's Fee (0-1.00%)
\$99,999 or less	120 bpts	_____bpts
\$100,000-\$249,999	105 bpts	_____bpts
\$250,000-\$499,999	95 bpts	_____bpts
\$500,000-\$999,999	85 bpts	_____bpts



\$1,000,000-\$1,999,999	75 bpts	_____bpts
\$2,000,000-\$2,999,999	65 bpts	_____bpts
\$3,000,000-\$3,999,999	55 bpts	_____bpts
\$4,000,000 or more	negotiable	_____bpts

#### **Capital Preservation Flex (CP-F) Folio**

Value of Account	Advisor's Fee	Rep's Fee
		(0-1%)
\$0 - \$999,999	100 bpts	_____bpts
\$1,000,000 or more	negotiable	_____bpts

#### **High Dividend (HD) & High Dividend Flex (HD-F) Folios**

Value of Account	Advisor's Fee	Rep's Fee	Portfolio Manager's Fee
\$0 - \$4,000,000	50 bpts	50 bpts	50 bpts
\$4,000,000 or more	negotiable	negotiable	negotiable

Our fees are billed quarterly, in advance, at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous quarter. Fees will be debited from the account in accordance with the client authorization in the Client Services Agreement.

A minimum of \$100,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. Redhawk Wealth Advisors, Inc. may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

**Limited Negotiability of Advisory Fees:** Although Redhawk Wealth Advisors, Inc. has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

## **GENERAL INFORMATION**

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

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

***Wrap Fee Programs and Separately Managed Account Fees:*** Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***Grandfathering of Minimum Account Requirements:*** Pre-existing advisory clients are subject to Redhawk Wealth Advisors, Inc.'s minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

**ERISA Accounts:** Redhawk Wealth Advisors, Inc. is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. . As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Redhawk Wealth Advisors, Inc. may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Redhawk Wealth Advisors, Inc.'s advisory fees.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

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

Redhawk does not charge performance-based fees.

## **Item 7 Types of Clients**

Redhawk Wealth Advisors, Inc. provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Corporations or other businesses not listed above

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

### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Charting.** In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Asset Allocation.** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Mutual Fund and/or ETF Analysis.** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Third-Party Money Manager Analysis.** We examine the experience, expertise, investment

philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was

designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

**Trading.** We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

**Option writing.** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

**Risk of Loss.** Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

## **Item 9    Disciplinary Information**

Redhawk is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

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

Management personnel of our firm and our independent representatives, in their individual capacities, may act as agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

Additionally, management personnel of our firm, and our independent representatives, may engage in outside business activities including the sale of precious metals products. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Again, clients are not under any obligation to engage these individuals when considering implementation of these outside recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

Lastly, management personnel of our firm, and our independent representatives, may engage in outside business activities as business services consultants assisting businesses in providing payroll and human resource management. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing these strategies. Again, clients are not under any obligation to engage these individuals when considering implementation of these outside services. The implementation of any or all recommendations is solely at the discretion of the client.

Clients should be aware that the receipt of additional compensation by Redhawk Wealth Advisors, Inc. and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Redhawk Wealth Advisors, Inc. endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all

recommendations made to a client are suitable to the client's needs and circumstances;

- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Redhawk Wealth Advisors, Inc. and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Redhawk Wealth Advisors, Inc.'s Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by sending an email to [support@redhawkwa.com](mailto:support@redhawkwa.com), or by calling us at 888-835-4295.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered as securities representatives of a broker-dealer, investment adviser representatives of another registered investment adviser, and/or licensed as an insurance agent/broker of various insurance companies. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.



## **Item 12 Brokerage Practices**

Redhawk Wealth Advisors, Inc. does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

Redhawk Wealth Advisors, Inc. requires that clients provide us with written authority to determine the broker-dealer to use and the commission costs that will be charged to our clients for these transactions.

Clients must include any limitations on this discretionary authority in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

As a matter of policy and practice, Redhawk Wealth Advisors, Inc. generally does block client trades for the purpose of trade execution. However, certain client trades may be executed before others and at a different price. Using our institutional trading platform, our clients may not receive volume discounts.

### **Coaching Program Services**

Redhawk Wealth Advisors, Inc. participates in the Institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services that include custody of securities, trade execution, clearance, and settlement of transactions. Redhawk receives some benefits from TD Ameritrade through its participation in the Program. (Please see the disclosure under Item 14 below.)

## **Item 13 Review of Accounts**

### **INVESTMENT SUPERVISORY SERVICES ("ISS")**

#### **MODEL PORTFOLIO MANAGEMENT SERVICE**

**REVIEWS:** While the underlying securities within Model Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of the investment objectives and guidelines of each model portfolio as well as any investment restrictions provided by the client. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by the Chief Compliance Officer or other members of senior management. Additional reviews of client accounts are conducted by our Independent Representatives.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide quarterly reports summarizing account

performance and balances. These reports will also remind the client to notify us if there have been changes in the client's financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions.

## **MARKET TIMING SERVICES**

Redhawk Wealth Advisors, Inc. does not provide market timing services.

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

### **REFERRAL ARRANGEMENTS**

Redhawk may enter into arrangements with independent third-parties such as other Registered Investment Advisors, Broker-Dealers, or their representatives whereby Redhawk will pay an annual referral fee for each Client referred by such advisor, broker-dealer, or representative.

It is Redhawk Wealth Advisors, Inc.'s policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

As disclosed under Item 12 above, Redhawk participates in TD Ameritrade's Institutional advisor program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Redhawk's participation in the Program and the investment advice it gives to its Clients, although Redhawk receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research-related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Redhawk by third-party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Redhawk's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Redhawk in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Redhawk manage and further develop its business enterprise. The benefits received by Redhawk or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD

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

Redhawk may receive coaching services referrals from third-party vendors through Redhawk's participation in the TD Ameritrade Institutional Coaching Program. In addition to meeting the minimum eligibility criteria for participation in the TD Ameritrade Institutional Coaching Program, Redhawk may have been selected to participate in the TD Ameritrade Institutional Coaching Program based on the amount and potential profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Advisor and there is no employee or agency relationship between TD Ameritrade and Advisor. TD Ameritrade has established the TD Ameritrade Institutional Coaching Program as a means of assisting independent unaffiliated Advisors to grow and maintain their respective investment advisory business. TD Ameritrade does not supervise Redhawk and has no responsibility for Redhawk's management of client portfolios or Redhawk's other advice or services to clients.

Redhawk's participation in the TD Ameritrade Institutional Coaching Program raises potential conflicts of interest. Redhawk may encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to participate in the TD Ameritrade Institutional Coaching Program, Redhawk may have an incentive to recommend to clients that the assets under management by Redhawk be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. Redhawk's participation in the TD Ameritrade Institutional Coaching Program does not relieve the Advisor of the duty to seek best execution of trades for client accounts.

### **Item 15 Custody**

In addition to the monthly statements that clients receive directly from their custodian, Redhawk also sends account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

Redhawk does not have actual or constructive custody of client accounts.

### **Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or

- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Redhawk Wealth Advisors, Inc. requires that it be provided with written authority to determine which securities and the amounts of securities that are bought or sold in a client's account.

Clients give us discretionary investment authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## **Item 17 Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

## **Item 18 Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. Redhawk Wealth Advisors, Inc. has no additional financial circumstances to report.

Redhawk Wealth Advisors, Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.