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H. Beck CHOICE PROGRAM

January 10, 2017

Wrap Fee Program Brochure Pursuant to Part 2A, Appendix 1 of Form ADV

This wrap fee program brochure provides information about the qualifications and business practices of H. Beck, Inc. If you have any questions about the contents of this brochure, or would like to receive an additional copy of this brochure, please contact H. Beck at 1-301-468-0100. For additional information about H. Beck, Inc., visit our website at www.hbeckinc.com. Additional information about H. Beck, Inc. is available on the Internet at www.adviserinfo.sec.gov. "Registration" or being "registered" with the United States Securities and Exchange Commission does not imply a certain level of skill or training.

This brochure provides clients with information about H. Beck, Inc. and the H. Beck Choice Program that should be considered before becoming a client. This information has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

ITEM 2: MATERIAL CHANGES

This Wrap Fee Program Brochure dated January 10, 2017 has been prepared by H. Beck, Inc. ("HBI") in accordance with the requirements of Form ADV as adopted by the United States Securities and Exchange Commission ("SEC"). This Wrap Fee Program Brochure for the H. Beck Choice Program updates the original Brochure which was filed on March 31, 2016.

Pursuant to SEC Rules, HBI will ensure that clients receive a summary of any material changes to this and any subsequent Wrap Fee Program Brochure within 120 days of the close of HBI's business' fiscal year. HBI may further provide other ongoing disclosure information about material changes as necessary.

HBI will also provide clients with a new Wrap Fee Program Brochure, without charge, at any time upon request, or as necessary based on material changes or material new information. HBI's Wrap Fee Program Brochure may be requested by contacting HBI's Compliance Department at 1-800-333-6884.

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ITEM 4: SERVICES, FEES, AND COMPENSATION

A. Services

About HBI

HBI is registered with the Securities and Exchange Commission ("SEC") as both an investment advisor and a securities broker-dealer. It is also a member of the FINRA and SIPC. As a broker-dealer, HBI offers a wide range of securities brokerage services and products, including mutual funds and variable insurance products.

HBI provides investment advisory and brokerage services to a variety of clients, including individuals, businesses, and retirement plans. Clients may simultaneously receive both investment advisory and brokerage services from HBI. Advisory services offered by HBI include but are not limited to financial planning for individuals and businesses, asset allocation and portfolio management services.

This Wrap Fee Program Brochure describes the H. Beck Choice wrap fee program (the "Program" or the "Choice Program") sponsored by HBI. HBI offers one other wrap fee program, which is described in a separate wrap fee program brochure containing the information required by Part 2A, Appendix 1 of Form ADV. Advisory services offered by HBI other than wrap fee programs are all described in another brochure containing the information required by Part 2A of Form ADV.

H. Beck Choice Program

The H. Beck Choice Program is a wrap fee program sponsored by HBI through which clients are provided investment advisory, custody, administrative, execution and clearing services for a bundled fee, all as more particularly described herein. HBI acts as both a broker-dealer and an investment advisor with respect to the Program. In accordance with the Program, each client opens a brokerage account "(Account)" with HBI that will hold the client's assets covered by the Program.

Except for the ability to liquidate securities in order to generate cash to pay fees owed by clients, the services provided by HBI under the Program are generally non-discretionary in nature, but in some cases HBI may permit a client to grant limited discretionary authority to HBI and its authorized representatives.. Trades in client Accounts are executed through HBI and introduced to HBI's clearing broker-dealer, Pershing, LLC ("Pershing"), for settlement and clearance, at the direction of HBI and the client. .

HBI's Services

As a part of opening an Account, HBI, through its investment advisor representatives ("HBI Consultants"), will obtain information regarding client investment objectives, risk tolerance, time horizon, and other financial characteristics ("Characteristics"). Based upon the information provided by the client, the HBI Consultant will recommend for a client's Account an asset allocation strategy ("Strategy") and a portfolio of securities that is appropriate for the

client's Characteristics. HBI is responsible for monitoring client investments under the Program on an ongoing basis to ensure adherence to the appropriate Strategy, and for the day-to-day and ongoing management of client Accounts as well as the suitability of (i) client participation in the Program, (ii) client Strategy and (iii) the investments in client Accounts. In addition, HBI is responsible for keeping abreast of changes in client circumstances and how such changes may impact the appropriateness of the Program, client Strategy or the investments in client Accounts.

HBI's asset allocation and securities recommendations will be based solely on HBI's analysis of their potential for meeting client Characteristics. Such asset allocation and securities recommendations shall be consistent with client Characteristics and any guidelines or restrictions provided by clients in writing. HBI will consult with clients at least annually regarding the Account and whether client Characteristics have changed. This review is designed to ensure that the performance, composition, and risk profile of client Accounts are still appropriate and consistent with client Characteristics. HBI, through HBI Consultants, will be available to clients on an ongoing basis to discuss client Characteristics, Accounts, or the securities therein or to process instructions from clients concerning Accounts.

The Strategies and securities recommended by HBI may vary from client to client. In most cases, HBI will recommend long-positions in mutual funds, exchange traded funds (ETFs), and other equity and fixed income securities. Clients must decide whether to accept or reject HBI's recommendations.

Except for the ability to liquidate securities in order to generate cash to pay fees owed by clients, the Program is non-discretionary in nature and trades in a client's Account are executed on a non-discretionary basis. In certain cases, however, clients may expressly grant HBI limited discretionary authority to buy and sell mutual funds and/or exchange traded funds in clients' accounts. Therefore, except as described in the prior sentences, clients in the Program are required to review and approve HBI's Strategy and security recommendations. HBI will not place securities orders without obtaining the prior approval of clients.

HBI is authorized to follow the instructions of clients in every respect concerning the client's participation in the Program. Pershing is also authorized to follow the instructions of HBI in every respect concerning clients' Accounts. However, HBI may reject such instructions if, in HBI's reasonable judgment, such instructions (i) are not consistent with the terms of the Program, or (ii) if implemented, would violate any applicable law, rule or regulation.

HBI arranges, through its clearing broker-dealer, Pershing, to deliver to clients confirmations of each purchase and sale of securities in client Accounts, to deliver brokerage statements to clients for each month in which activity occurs in client Accounts, to deliver quarterly statements to clients regardless of whether there has been activity in client Accounts, and to provide other custodial functions customarily performed with respect to securities brokerage accounts. HBI also arranges for Pershing to maintain custody of all assets in client Accounts and to perform custodial services that include, among other things, crediting of interest and

dividends on assets and crediting of principal on called or matured securities in Accounts. HBI has also entered into an agreement with Pershing's affiliate, Lockwood Advisors, Inc. ("Lockwood"), to act as general administrator of Accounts, which includes charging and collecting Account fees and processing, pursuant to client instructions transmitted by HBI, deposits to and withdrawals from H. Beck Choice Accounts.

HBI Consultants

The services provided by HBI under the Program are provided by HBI Consultants who are also registered securities representatives of HBI (i.e., registered with FINRA to sell securities) and may also be licensed as insurance agents for various insurance companies.

For more information about an HBI Consultant, please refer to the particular HBI Consultant's Form ADV Part 2B Brochure Supplement.

Administrative, Execution and Clearance Services

Clients participating in the Program are required to enter into an agreement with HBI to open a brokerage Account that will hold the client's assets. Clients also direct that all orders for the purchase or sale of securities in client Portfolios will be introduced to Pershing by HBI and settled and cleared by Pershing. By directing trades in the foregoing manner, HBI will not be able to: (i) select broker-dealers on the basis of price or other attributes; (ii) negotiate commissions (or mark-ups or mark-downs on fixed income and other securities) or impact or improve the price or quality of the services provided by Pershing; or (iii) aggregate or "batch" orders for purposes of execution with orders for the same securities for other accounts managed by HBI other than for other accounts also custodied or cleared through Pershing. As a result, certain transactions may result in less favorable net prices on the purchase and sale of securities than would otherwise be the case. The ability to achieve best execution may be partially or wholly limited by the nature of the directed brokerage arrangement and clients may not achieve executions of the nature, quality, speed or price that might otherwise occur. As a result of the foregoing, an Account might not generate the returns it would if orders were not directed.

Clients authorize HBI to aggregate purchase and sale orders for securities held (or to be held) in client accounts with similar orders being made on the same day for HBI's other accounts which are also custodied or cleared through Pershing. HBI may aggregate trades for clients and transmit "batched" orders in an effort to reduce market impact and to obtain best execution. When an order is so aggregated: (i) the actual prices applicable to the aggregated transaction will be averaged and the account and each other account or portfolio participating in the aggregated transaction shall be treated as having purchased or sold its portion of the securities at such average price, and (ii) all transaction costs incurred in effecting the aggregated transaction shall be shared on a pro-rata basis among the accounts participating in the transaction. Where the batched order is not filled in its entirety, clients will be deemed to have purchased or sold a proportionate share of the securities involved. In some cases, aggregating

orders may adversely affect the size of the position obtainable, and in some cases, clients would receive better price execution if not participating in a batched order.

HBI has an interest in having Pershing settle and clear securities transactions under the Program. Under HBI's agreement with Pershing, the fees charged and the level of services provided by Pershing are dependent upon the amount of assets introduced by HBI and its other broker-dealer affiliates to Pershing. The securities trades directed to Pershing under the Program are included in the calculation of assets introduced by HBI and its affiliates to Pershing and therefore may result in reduced fees being charged to HBI by Pershing or in HBI's receipt of additional services from Pershing. Pershing's custodial and brokerage services are included in the fees paid by clients as described in Item 4.B below.

Pershing maintains custody of all Account assets and performs custodial functions including, among other things, crediting of interest and dividends on Account assets and crediting of principal on called or matured securities in the Account, together with other custodial functions customarily performed with respect to securities brokerage accounts.

Unless otherwise instructed by the client, all dividends and other distributions will be reinvested in client Accounts. Clients are responsible to vote all proxies, consents, waivers and other documents regarding corporate actions, with respect to any securities held in their Account. HBI will not vote proxies, nor will HBI be responsible for taking action or rendering any advice with respect to securities held in Accounts which become subject to legal notices or proceedings, including bankruptcy proceedings.

Cash balances in client Accounts are subject to periodic sweeps into short term investment vehicles offered by HBI such as a money market mutual funds or an FDIC insured sweep program. Clients select, through the brokerage account application with HBI, from an array of money market mutual funds and FDIC insured sweep programs. All sales proceeds, dividends, and interest will be swept into this investment vehicle. If a client selects a money market mutual fund, the client will receive a separate prospectus relating to the mutual fund(s) in which the cash in the client's account is invested which will contain a complete description of the relevant fees and/or expenses of the mutual fund(s); clients should refer to the prospectus for more information about the applicable fund. If the client selects an FDIC insured sweep program, the client will receive a terms and conditions document for each program; clients should refer to the terms and conditions of the applicable FDIC insured sweep program terms and conditions for more information about the program. As part of the program, the client must agree that, after providing the client prior notice, HBI may change the sweep vehicle and transfer funds from one sweep vehicle to another sweep vehicle, including changes between money market funds and bank deposit products. Clients can change investment vehicles at any time by calling the client's HBI Consultant.

The costs of the custody, clearance and administrative services provided by Pershing and Lockwood are included in the Program Fee, and therefore also the total Choice Fee, each of which is described below in Item 4.B.

Opening an Account

Clients may enter the Program by executing an investment management agreement (“Agreement”) with HBI. Clients must also open a brokerage account with HBI in order to participate in the Program.

All mutual fund shares that are transferred into the account will be analyzed on a case-by-case basis and may, in the discretion of HBI, be liquidated within sixty days of such transfer or permitted to be held in the account. Further, HBI may, in its sole discretion, reject any other type of security that a client wishes to transfer into the Account.

Terminating an Account

HBI or a client may terminate the Program Agreement at any time with written notice and thereby terminate an Account under the Program. If an Account is terminated during a quarter, or the client makes a full withdrawal of Program assets, HBI will refund to the client a pro-rata portion of any pre-paid, but unearned fees paid for that quarter. The amount refunded to the client will be based on the number of days remaining in the quarter as of the date of termination. However, termination will not affect any liabilities or obligations incurred or arising from transactions in a client’s account that are initiated before such termination.

Upon termination of the Agreement, HBI shall not have any obligation of any kind to recommend any action with regard to the assets in a client’s H. Beck Choice Account. Client shall have sole responsibility to decide what happens to the assets in the Account and to issue instructions in writing to HBI regarding the assets held in the Account. Client may either liquidate the assets in the Account or transfer the assets in the Account to a third party. If the client instructs HBI to liquidate the assets in the Account, HBI will perform such a liquidation solely in its capacity as a broker-dealer, and HBI’s then-current standard commission and fee schedule shall apply. If client does not provide instructions regarding the Account assets upon termination of this Agreement, then HBI retains the right to automatically liquidate the assets and send the proceeds to client. Termination of the Agreement shall not affect the validity of any action previously taken under the Agreement or any liabilities or obligations incurred prior to termination. Accordingly, HBI may retain assets in client’s Account sufficient to effect any open and unsettled transactions or to pay any outstanding fees or charges.

B. Fees

Choice Fee

Each client in the Program will pay an annualized asset-based fee (the “Choice Fee”) which includes the costs of investment advisory, execution, clearance, administrative and other services provided by HBI, Pershing, and Lockwood (exclusive of certain charges associated with securities transactions described below and charges for optional services). The Choice Fee is comprised of two components: (i) the “Program Fee” charged by HBI for the services HBI, Pershing, and Lockwood provide under the Program and (ii) the “Consultant Fee”, which is the fee charged for the services provided by HBI through its HBI Consultants. Lockwood deducts

the Choice Fee from the Account and pays both the Program Fee and the Consultant Fee to HBI. The Program is set forth in the table below, and it is non-negotiable. HBI retains a portion of the Consultant Fee and pays a portion of the Consultant Fee to the HBI Consultants. The Consultant Fee is negotiable, subject to maximum limits shown in the table below, by the client and the HBI Consultant. In negotiating the Consultant Fee, the HBI Consultant may take into consideration, among other things, the amount of assets in the H. Beck Choice Account, whether the client maintains other securities brokerage or investment advisory relationships with HBI, the amount of assets in such other accounts, and the duration and scope of the client's relationship with HBI.

Asset Level	Maximum Consultant Fee	Program Fee	Maximum Total Choice Fee
First \$250,000	2.00%	0.25%	2.25%
Next \$250,001 - \$500,000	1.90%	0.25%	2.15%
Next \$500,000 - \$1,000,000	1.80%	0.22%	2.02%
Next \$1,000,001-\$2,000,000	1.40%	0.19%	1.59%
Next \$2,000,001-\$3,000,000	1.40%	0.15%	1.55%
Next \$3,000,001-\$4,000,000	1.40%	0.12%	1.52%
Next \$4,000,001-\$5,000,000	1.40%	0.10%	1.50%
Over \$5,000,000	1.00%	0.06%	1.06%

Lockwood charges a fee to HBI (the "Lockwood Fee") to cover the expenses associated with the administrative, clearing and custodial services provided by Lockwood and Pershing in connection with the Program, which HBI pays to Lockwood quarterly. The Lockwood Fee is included in the Program Fee and, therefore, in the total Choice Fee described above.

The total fees charged under the Program may be higher than what another investment adviser would charge for a similar combination of services, what HBI may charge for similar services in other wrap fee programs offered by HBI, or what would be charged by HBI or another investment adviser if the investment advisory and securities brokerage services were provided separately. The relative cost of the Program is affected by such factors as the administrative costs associated with wrap fee arrangements, the fees charged when investment adviser and brokerage services are purchased separately, the size of a client's Account, and the level of trading activity in a client's Account.

The Choice Fee does not include certain fees and charges associated with securities transactions, including the following: (i) charges imposed by law; (ii) internal charges and fees that may be imposed by collective investment vehicles, such as mutual funds, closed-end funds, unit investment trusts, exchange-traded funds or real estate investment trusts; and (iii) fees for optional services elected by clients. Pershing will also charge interest on any outstanding loan balances to clients who borrow money from it. Clients also may be charged for other specific account services as described in HBI's commission and fee schedule. If you choose to have

trade confirmations delivered by mail rather than delivered electronically, there will be a charge for each trade confirmation. See the brokerage agreement with us related to this account or ask your financial advisor for more information regarding these fees.

Certain investments recommended under the Program may entail the payment of fees to HBI or its affiliates.

Payment of Fees

The Choice Fee is payable at inception and quarterly in advance thereafter, based on the value of the assets in the Account on the date of inception, and thereafter, on the last business day of the prior quarter (except as discussed below in connection with additions to the Account). The first payment will be assessed on a pro rata basis in the event the Agreement is executed at any time other than the first day of the billing cycle. For the purposes of fees and valuation, securities will be valued at the closing price on the principal exchange on which they are traded. All cash and securities in the Account will be included in determining the value of the Account for the purpose of calculating the Choice Fee. Securities not listed on a national securities exchange will be valued in a manner determined in good faith by HBI by consulting other exchanges or validation services.

The Choice Fee is paid first out of free credit balances, if any, in the Account, second, from the liquidation or withdrawal of shares of any money market funds or balances in any money market account, and to the extent that such assets are insufficient to satisfy payment of the fee, from the sale and liquidation of other Account assets. HBI may, in its discretion and without seeking the prior consent of clients, sell securities to the extent necessary to pay the Choice Fee. Such discretion may be exercised only if the free credit balances in a client's Account are not sufficient to pay the Choice Fee. Clients are solely responsible for any losses or tax consequences as a result of a sale of Account assets to satisfy their obligation to pay the Choice Fee.

Additions may be made at any time and will result in an adjustment to the Choice Fee with respect to such new assets prorated from the date of the addition. Withdrawals of assets may be made at any time and will result in an adjustment to the Choice Fee with respect to the withdrawn assets prorated from the date of the withdrawal. The proceeds of a withdrawal will be delivered to the client after the time necessary for the resulting trades to clear and settle. If the Account is terminated by either party, fees paid for that quarter will be prorated based on the number of days in the quarter for which the Program was in effect and any unearned investment advisory fees will be returned to the client, and the market value of the assets in the account shall be calculated as of the close of trading on the last business day that HBI provides investment advisory services under the Agreement.

The client will authorize Pershing to deduct all applicable fees from the client's Account. All such fees will be clearly noted on the client's statements.

C. Compensation

HBI is compensated for its services through the Choice Fees paid by clients as described above. HBI Consultants who recommend the Program to clients are compensated as a result of such clients' participation in the Program. Each HBI Consultant that has clients in the Program is compensated by HBI for providing investment advisory and related services. The amount of this compensation may be more than what the HBI Consultant would receive if the client participated in other programs offered by HBI, or paid separately for investment advice, brokerage and other services. An HBI Consultant may, therefore, have a financial incentive to recommend the Program over other programs or services.

ITEM 5: ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

The minimum account size under the Program is \$50,000. Lesser amounts, to a certain extent, may be accepted in HBI's sole discretion. Services under the Program are offered primarily to individuals and certain tax qualified accounts such as individual retirement accounts. HBI reserves the right to reject any client from participating in the Program.

ITEM 6: PORTFOLIO MANAGER SELECTION AND EVALUATION

Under the Program, HBI does not select portfolio managers to manage assets in client Accounts. Rather, the Program is offered to clients by HBI's Consultants, who are solely responsible for gathering information about client Characteristics and, based on those Characteristics, recommending to the client an appropriate Strategy and portfolio of securities.

For more information about the HBI Consultants and their qualifications, as well as HBI's procedures, if any, for reviewing and evaluating HBI Consultants and their performance, see Item 4 in this Brochure.

ITEM 7: CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

HBI does not use portfolio managers in the Program. Clients participating in the Program provide relevant personal information, including investment objectives, risk tolerance, time horizon and financial and other Characteristics directly to their HBI Consultant.

The HBI Consultants will consult with each client at least annually to consider changes in the client's financial circumstances and investment objectives, and to recommend appropriate changes to the client's Strategy or Account. HBI Consultants are also available on an on-going basis to discuss a client's Account or Strategy or changes in a client's Characteristics.

ITEM 8: CLIENT CONTACT WITH A PORTFOLIO MANAGER

HBI does not use portfolio managers in the Program. There are no restrictions placed on Client's ability to contact the client's HBI Consultant. Clients have regular access to HBI and HBI Consultants to discuss their Accounts, Characteristics, and Strategies.

ITEM 9: ADDITIONAL INFORMATION

A. Disciplinary Information

In HBI's capacity as a broker-dealer, and in connection with matters unrelated to the Program or HBI's other investment advisory business, HBI has:

- Consented to a censure and fine in the amount of \$17,500 by FINRA pursuant to a settlement agreement effective November 24, 2008. Without admitting or denying the allegations, HBI accepted and consented to the finding that HBI failed to fully comply with NASD Rules regarding the reporting of trades through the Order Audit Trails System ("OATS").
- Consented to a fine in the amount of \$40,000 by the Virginia Department of Securities pursuant to a settlement agreement effective January 6, 2009. Without admitting or denying the allegations, HBI accepted and consented to the findings that HBI failed to supervise an agent in violation of state regulations.
- Consented to a censure and fine in the amount of \$140,000 by FINRA pursuant to a settlement agreement effective March 23, 2009. Without admitting or denying the allegations, HBI accepted and consented to the findings that HBI failed to accurately complete its self-assessment regarding breakpoint compliance in Mutual Fund Class A shares, and failed to reasonably monitor its fee-based brokerage accounts to ensure that they continued to be appropriate for customers.
- Consented to a cease and desist order from the Maryland Securities Commissioner effective July 23, 2010. Without admitting or denying any findings of fact or conclusion of law, HBI accepted and consented to the findings that HBI failed to reasonably supervise its registered representatives and agreed to revise its personal trading procedures.
- Consented to a reprimand and fine in the amount of \$9,500 by the Texas State Securities Board pursuant to a settlement agreement effective July 27, 2010. Without admitting or denying the allegations, HBI accepted and consented to the findings that HBI failed to enforce written procedures regarding supervision and use of marketing materials by a representative.
- Consented to a censure and fine in the amount of \$150,000 by FINRA pursuant to a settlement agreement effective July 18, 2011. Without admitting or denying the allegations, HBI accepted and consented to the finding that HBI failed to establish and maintain a supervisory system, and failed to establish, maintain and enforce written supervisory procedures, that were reasonably designed to achieve compliance with the

rules and regulations applicable to the retention of electronic and written communications and various operational procedures.

- On May 17, 2012, HBI consented to a fine of \$90,000 by the Massachusetts Securities Division relating to the alleged failure to supervise a registered representative in violation of the Massachusetts Securities Act. HBI also provided restitution to a customer and retained a consultant to review certain supervisory procedures.
- Consented to a censure and fine in the amount of \$425,000 by FINRA pursuant to a settlement agreement effective March 30, 2015. Without admitting or denying the allegations, HBI accepted and consented to the findings that HBI failed to apply sales charge discounts to eligible purchases of unit investment trusts and failed to establish a supervisory system and written supervisory procedures reasonably designed to ensure that customers received sales charge discounts on all eligible unit investment trust purchases. The Findings also stated that HBI failed to establish a reasonable supervisory system and written supervisory procedures regarding the use of consolidated reports and that certain registered representatives sent inaccurate consolidated reports to customers. The findings also included that HBI failed to enforce its written supervisory procedures requiring non-registered employees to register with the firm any outside email accounts used for business-related communications.
- Consented to a censure and fine in the amount of \$40,000 by FINRA pursuant to a settlement agreement effective August 12, 2015. Without admitting or denying the allegations, HBI accepted and consented to the finding that HBI failed to enforce written supervisory procedures regarding on-going due diligence. Specifically, HBI failed to conduct adequate on-going due diligence and address red flags in relation to three offerings from one issuer.

B. Other Financial Industry Activities and Affiliations

The following are HBI's other financial industry activities and affiliations.

HBI's Brokerage Services Business

HBI's principal business activity is as a securities broker-dealer. HBI's securities brokerage business consists primarily of the sale of mutual funds and variable annuity and variable life insurance contracts and, on a fully-disclosed basis, general securities through HBI's clearing agreement with Pershing. In this capacity HBI receives compensation in the form of dealer concessions, commissions from brokerage customers, and/or distribution (Rule 12b-1) fees, from which HBI pays commissions to HBI's financial advisors.

As a securities broker-dealer HBI also provides investment advice to clients which is incidental to the brokerage services provided and for which HBI does not receive any special compensation, other than the customary commissions or fees charged for such brokerage services.

HBI's Insurance Services Business

HBI is licensed as an insurance agency in every state in the United States that licenses corporations as insurance agencies. HBI's insurance business consists primarily of the sale of fixed and variable life insurance and fixed and variable annuity contracts. In this capacity, HBI receives compensation in the form of dealer concessions, commissions, and/or other distribution fees, from which HBI pays commissions to HBI financial advisors. HBI's financial advisors also receive insurance commissions from various insurance companies, including HBI's affiliates, Minnesota Life Insurance Company and Securian Life Insurance Company, for the sale of insurance products to individuals who may also be receiving brokerage, advisory, and/or insurance services from HBI.

HBI's Business Affiliations

HBI is a wholly-owned subsidiary of Securian Financial Group, Inc., and is an indirect subsidiary of a mutual insurance holding company called Minnesota Mutual Companies, Inc. Securian Financial Group, Inc. is the holding company parent of a group of companies that provide a broad range of financial services. Please visit www.securian.com for more information.

HBI believes that it benefits from these affiliations in various ways, including access to additional investment-related research and information. Some of HBI's affiliates may coincidentally trade for their own accounts in securities that HBI has recommended to HBI clients.

Affiliated Insurance Businesses. The insurance companies owned directly or indirectly by Securian Financial Group, Inc. include Minnesota Life Insurance Company ("Minnesota Life") (see www.minnesotalife.com), Securian Life Insurance Company (see www.securianlife.com), Securian Casualty Company, American Modern Life Insurance Company, and Southern Pioneer Life Insurance Company. These insurance companies provide a variety of insurance and annuities products (including term life insurance, indexed life insurance, variable life insurance, fixed and indexed annuities, group term and variable life insurance, accidental death and dismemberment insurance, mortgage life insurance, credit life and disability insurance, debt protection, guaranteed asset protection, and collateral protection insurance) to individuals, businesses, employers, banks, and credit unions. Many of HBI's customers are also customers of Minnesota Life.

Affiliated Investment Advisors and Broker-Dealers. Advantus Capital Management, Inc. ("Advantus Capital") is also a wholly-owned subsidiary of Securian Financial Group, Inc. Advantus Capital is registered as an investment advisor with the SEC. Advantus Capital provides investment advice to affiliated entities, including Minnesota Life, and to unaffiliated entities, including unaffiliated insurance companies, public and corporate pension plans, retirement plans, mutual fund companies, Taft-Hartley plans, foundations, and endowments. See www.advantuscapital.com for more information.

Securian Financial Services, Inc. ("Securian") is also a wholly owned subsidiary of Securian Financial Group, Inc. Securian is registered with the SEC as both an investment advisor and a

broker-dealer. Securian is also a member of FINRA and the SIPC. Securian provides investment advice and brokerage services that serve the needs of individuals, trusts, estates, and businesses. See www.securianfinancial.com for more information.

CRI Securities, LLC (“CRI”) is 50% owned by Enterprise Holding Corporation, which is a wholly-owned subsidiary of Minnesota Life. CRI is registered with the SEC as both an investment advisor and a broker-dealer. CRI is also a member of FINRA and the SIPC. CRI provides mutual funds, brokerage services, and general securities to individuals, trusts, estates, and businesses. See www.crisecurities.com for more information.

Affiliated Banking Institutions. Securian Trust Company, N.A. (“Securian Trust”) is also a wholly owned subsidiary of Securian Financial Group, Inc. Securian Trust is a national bank chartered by the Office of the Comptroller of the Currency. Securian Trust provides expertise in trust administration and trust investment management.

C. Conflicts of Interest, Revenue Sharing and Other Payments from Funds

As required by law, HBI maintains certain policies and procedures, such as HBI’s “Code of Ethics” (see “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading” below) reasonably designed to prevent HBI and HBI financial advisors from acting in any way that is inconsistent with HBI’s legal obligations to clients, including the requirement that HBI put clients’ interests first.

Revenue Sharing. HBI currently offers products and services distributed by over 200 sponsor companies; however, HBI has a focused relationship with a limited number of sponsor companies. HBI receives payments for expenses incurred in connection with providing services intended to result in the sale of the products and services of these companies and/or shareholder support services. These companies have greater access to HBI’s representatives to provide training and other educational presentations as well as product information so they can serve investors better.

There is no greater direct economic incentive for registered representatives or investment advisor representatives of HBI to sell products of these sponsor companies over any other product. They do not receive any additional compensation based solely on whether that company is participating in this program.

For more information about sponsor companies and the revenue sharing and other types of compensation received by HBI, see the Product Compensation Disclosure webpage located at www.hbeckinc.com/investors.

12b-1 Fees. HBI may receive 12b-1 fees from mutual funds in which Client’s assets are invested. These 12b-1 fees, which are deducted from the assets held in such mutual funds, are in addition to the Choice Fee paid under the Program, and are also in addition to any revenue sharing payments that may be received as described above. However, H. Beck will credit back to clients’ Accounts any 12b-1 fees received by H. Beck with respect to assets

held in clients' Accounts.

Affiliates as Sub-Advisors to Certain Mutual Funds. Advantus Capital Management, Inc., an affiliate of HBI ("Advantus"), serves as a subadvisor for certain of the Ivy Funds, and receives a management fee for its services. While HBI receives no direct compensation as a result of this relationship, Advantus' compensation increases if the assets in such funds increase. If such funds are held in client Accounts under the Program, Advantus Capital will receive additional investment sub-advisory fees as a result of such holdings. See the prospectuses for the Ivy Funds for more information.

ERISA Considerations. If the Employee Retirement Income Security Act of 1974, as interpreted by the Department of Labor, imposes obligations on HBI to take certain actions with respect to revenue sharing payments, 12b-1 fees charged to mutual fund shares owned by employee benefit plans or other sources of revenue, HBI will act in accordance with such obligations.

HBI acts as an investment adviser under the Investment Advisers Act of 1940 and a non-discretionary fiduciary investment adviser within the meaning of ERISA Section 3(21)(A)(ii) with regard to any ERISA Fiduciary Services (defined below) that HBI provides to plans subject to ERISA. The "ERISA Fiduciary Services" include only the provision of investment advice; all other services are provided on a non-fiduciary basis.

D. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Pursuant to Rule 204A-1 under the Investment Advisers Act of 1940 (the "Act"), HBI has established and enforces a written code of ethics ("Code") that describes standards of business conduct, including applicable fiduciary obligations, that must be observed by HBI and its "supervised persons" (as defined in the Act) in connection with HBI's investment advisory business. These standards include requirements:

- To act at all times with the utmost integrity and honesty, dealing fairly with clients, HBI, its associates and service providers;
- To place the interests of clients first;
- To render professional and unbiased investment advice to clients;
- To provide full, fair, and, timely information to clients;
- To avoid conflicts of interest with clients when supervised persons conduct personal securities transactions;

- To exercise diligence and care in maintaining and protecting clients' non-public, personal or confidential information; and
- To comply at all times with federal securities laws.

All supervised persons are prohibited from trading on the basis of material non-public information. In addition, the Code prohibits certain supervised persons ("Access Persons") from trading, in their personal accounts or in other accounts in which they have a beneficial interest, in "reportable securities" (as defined in Rule 204A-1 and the Code) ahead of a client's trade in the same security, and from purchasing any security that is part of an initial public offering. Access Persons must also obtain prior approval from HBI's Chief Compliance Officer before purchasing any security as part of a private placement or other limited offering.

In order to avoid conflicts of interest, the Code requires Access Persons to provide, and HBI to review, both initial and annual reports of all reportable securities beneficially owned by such access Person. Quarterly reports of all transactions in reportable securities by Access Persons are also required under the Code and are also required to be reviewed by HBI.

Each supervised person receives a copy of the Code and of each amendment thereto, and is required to acknowledge such receipt in writing. The Code further requires each supervised person to report any violation of the Code promptly to HBI's Chief Compliance Officer.

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

HBI and its affiliates have investment responsibilities, render investment advice to, and perform other investment advisory services for, other individuals and entities ("Other Accounts"). HBI and its affiliates (and their respective partners, directors, officers, agents and employees) may buy, sell or trade in any securities for their own respective accounts ("Affiliated Accounts"). HBI and its affiliates may give advice or exercise investment responsibility and take such other actions with respect to Other Accounts and Affiliated Accounts which may differ from the advice given or the timing or nature of action taken with respect to a client's Account.

Other Accounts and Affiliated Accounts may at any time, hold, acquire, increase, decrease, dispose of or otherwise deal with positions in investments in which a client's Account may have an interest from time to time, whether in transactions which involve the client's Account or otherwise. HBI has no obligation to purchase for a client's Account a position in any security which Other Accounts or Affiliated Accounts may acquire.

E. Review of Accounts

HBI, through its HBI Consultants, will periodically review and monitor the performance, composition and risk profile of the client's Account and, if appropriate, will make recommendations based on the results of the reviews. In addition, HBI will consult with each client in the Program at least annually regarding the Account and whether anything has

changed in the client's financial circumstances or investment objectives that might affect the manner in which the client's assets should be managed. The review includes consideration whether the client's Account remains properly aligned with the client's financial objectives, risk tolerance and other financial characteristics.

The HBI Consultant will also be available on an ongoing basis to discuss the client's Account, any questions relating to the securities therein and any changes which may have occurred in the client's financial circumstances or investment objectives.

Clients also receive quarterly account statements, quarterly performance reports, brokerage statements for each month in which trading activity occurs in the client's Account, and confirmations of each purchase and sale in an Account (unless the client elects to suppress confirmations or elects to receive only quarterly statements). HBI is available to assist a client in reviewing all these reports and statements.

F. Client Referrals and Other Compensation

HBI does not receive any compensation or other economic benefit from any person, other than clients, for providing advice in connection with the Program, except as described above under Section 9(C), "Conflicts of Interest, Revenue Sharing and Other Payments from Funds." HBI does not compensate any person other than the HBI Consultants for client referrals to the Program.

G. Financial Information

HBI does not have discretionary authority to manage clients' Accounts under the Program, nor does HBI require payment of fees more than one quarter in advance or have custody of client assets under the Program. For these reasons, HBI is not required to provide an audited balance sheet for its most recent fiscal year. HBI has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, nor has HBI been the subject of a bankruptcy proceeding.

ITEM 10: REQUIREMENTS FOR STATE REGISTERED ADVISERS

HBI is federally registered.