

D. H. Hill Advisors, Inc.

Form ADV Part 2A: Appendix 1 – Wrap Fee Program Brochure

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This wrap fee program brochure provides information about the qualifications and business practices of D.H. Hill Financial Advisers, LLC (“D.H. Hill”) and its Wrap Program. This disclosure information should be carefully considered before you become a Client of **D.H. Hill Advisors, Inc. (“D.H. Hill”)**. If you have any questions, please call us or write to the address above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about D.H. Hill is also available on our website at www.dhill.com and the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2: MATERIAL CHANGES

This section of the ADV Part 2A brochure is meant to describe any material changes relating to D.H. Hill that Clients should be aware of since the last update of this brochure.

Material Changes since our last annual update of March 25, 2019:

- D.H. Hill has no material changes to report at this time

Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year, if any do arise in the future. We may further provide other ongoing disclosure information about material changes as necessary.

We will provide you with a new Brochure as necessary based on changes to our business or the services provided to you, or if there is new information to inform you about, at any time, without charge.

Currently, our Brochure may be requested by contacting our main office at 832-644-1852. Our Brochure is also available on our web site www.dhhill.com, also free of charge.

Additional information about D.H. Hill is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with D.H. Hill who are notice filed, or are required to be notice filed, as investment adviser representatives of D.H. Hill.

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ITEM 4: SERVICES, COST, AND COMPENSATION

Description of Business

D.H. Hill Advisors, Inc. (“D.H. Hill”) is a Texas state registered investment advisor firm. D.H. Hill is a corporation that was established in the state of Texas in 1998, founded by Dan Hill with the principal office located in Kingwood, Texas.

D.H. Hill independent representatives are located in geographically separated offices and operate through various business names or other corporate structures held out to the public for marketing purposes, for which wealth and investment management services are provided through D.H. Hill. D.H. Hill does not have any ownership interest in the representative’s trade name or other corporate structure.

General Description of the D.H. Hill Wrap Programs

The D.H. Hill Connect Wrap Program, D.H. Hill Direct Wrap Program, D.H. Hill Select Wrap Program, and D.H. Hill BRI Wrap Program, (collectively “Programs”) are investment advisory Programs sponsored by D.H. Hill. These Programs allow D.H. Hill to manage Client accounts for a single fee that include portfolio management services and brokerage costs. Programs use a variety of asset classes and investment vehicles that typically include mutual funds, exchange traded funds (“ETFs”), equity securities, fixed income securities, other related securities, and sub-managers. Client accounts are generally invested in strategies, with similar accounts invested in the same securities. Accounts are also managed at a custom level, with security selection varying from one Client to another. D.H. Hill IARs work with Clients to understand the Client’s risk tolerance, investment objectives, and investment attribute preferences and to determine an appropriate asset portfolio construction. D.H. Hill IARs determine an appropriate portfolio for each of their clients.

- **D.H. Hill Connect Wrap Program (“Connect”) – Charles Schwab/ TD Ameritrade**
D.H. Hill sponsors Connect, where D.H. Hill offers clients the opportunity to hire a D.H. Hill IAR to manage designated accounts on a discretionary basis including constructing portfolio models based on client stated risk and objectives. Connect uses a variety of asset classes and investment vehicles that typically include mutual funds, exchange traded funds (“ETFs”), equity securities, fixed income securities, and other related securities. Client accounts are reviewed and implemented by D.H. Hill.
- **D.H. Hill Direct Wrap Program (“Direct”) – Trust Company of America**
D.H. Hill sponsors and acts as the portfolio manager for Direct, where D.H. Hill offers clients the opportunity to hire D.H. Hill Investment Committee to manage designated accounts on a discretionary basis including constructing portfolio models based on client stated risk and objectives. Direct uses a variety of asset classes and investment vehicles that typically include mutual funds, exchange traded funds (“ETFs”), equity securities, fixed income securities, and other related securities. IARs can recommend one or more of the Direct portfolio models. The IAR has no trading authorization.
- **D.H. Hill Select Wrap Program (“Select”) – Charles Schwab/ TD Ameritrade**
D.H. Hill sponsors and acts as the overlay portfolio manager for Select, where D.H. Hill offers clients the opportunity to hire D.H. Hill Investment Committee to manage designated

accounts on a discretionary basis including constructing portfolio models based on client stated risk and objectives. Investment offerings within Select are limited to ETFs, mutual funds, and sub-managers. IARs can recommend one or more of the Select portfolio models. The IAR has no trading authorization.

▪ **D.H. Hill BRI Wrap Program (“BRI”) – Trust Company of America**

D.H. Hill sponsors and acts as the portfolio manager for BRI. D.H. Hill offers clients the opportunity to hire D.H. Hill Investment Committee to manage designated accounts on a discretionary basis including constructing portfolio models based on stated client risk and objectives using qualified Biblically Responsible Investments, as determined by selected third-party screens, to implement. IARs can recommend one or more of the BRI portfolio models. The IAR has no trading authorization over an account in the BRI Program.

Financial Professional

A Financial Professional is the person(s) who introduces the Client to this Program and/or the person(s) providing investment advisory services to the Client in this Program. Financial Professional may include: Investment Advisor Representative (“IAR”) of D.H. Hill; an IAR not affiliated with D.H. Hill; or a solicitor of D.H. Hill. To select the appropriate investment strategy for the client when the Financial Professional is a Solicitor of D.H. Hill: D.H. Hill will assess Clients’ personal situation, risk profile and/or other methods to determine the best investment model to meet investment objectives. When Clients Financial Professional is an Investment Advisor Representative of D.H. Hill or an IAR not affiliated with D.H. Hill: To select the appropriate investment strategy for client, the IAR will assess clients’ personal situation, risk profile and/or other methods to determine the best investment model to meet investment objectives.

Cost of Services

Prior to engaging D.H. Hill Advisory Services, clients are required to enter into one or more agreements with D.H. Hill and the IAR setting terms and conditions of the engagement including, but not limited to: describing the scope of services to be provided, termination, confidentiality, disclosures and client fees (collectively the “Client Agreement”).

The annual cost is negotiated with each Client and is customized depending on several factors as discussed in the “Negotiated Costs” section below. The following Cost of Services schedules provide information about how D.H. Hill charges for its Wrap Programs.

D.H. HILL CONNECT COST OF SERVICES SCHEDULE (Annual)			
Client Assets Under Management	Financial Professional Fee	Connect Program Fee	Asset Based Pricing Fee
\$0 - \$2,000,000	1.25%	0.25%	0.10% - 0.15%
\$2,000,000 - \$5,000,000	1.00%	0.22%	0.10% - 0.15%
\$5,000,000 - \$10,000,000	0.85%	0.18%	0.10% - 0.15%
Greater than \$10,000,000	Negotiable	0.15% minimum	0.10% - 0.15%

D.H. HILL DIRECT COST OF SERVICES SCHEDULE (Annual)			
Client Assets Under Management	Financial Professional Fee	Direct Program Fee	Asset Based Pricing Fee
\$0 - \$2,000,000	1.00%	0.40% - 0.65%	0.10% - 0.25%
\$2,000,000 - \$5,000,000	0.85%	0.35% - 0.60%	0.10% - 0.25%
\$5,000,000 - \$10,000,000	0.75%	0.30% - 0.55%	0.10% - 0.25%
Greater than \$10,000,000	Negotiable	0.25% minimum	0.10% - 0.25%

D.H. HILL SELECT COST OF SERVICES SCHEDULE (Annual)			
Client Assets Under Management	Financial Professional Fee	Select Program Fee	Asset Based Pricing Fee
\$0 - \$2,000,000	1.00%	0.55%	0.10%
\$2,000,000 - \$5,000,000	0.85%	0.50%	0.10%
\$5,000,000 - \$10,000,000	0.75%	0.45%	0.10%
Greater than \$10,000,000	Negotiable	0.40% minimum	0.10%

D.H. HILL BRI COST OF SERVICES SCHEDULE (Annual)			
Client Assets Under Management	Financial Professional Fee	BRI Program Fee	Asset Based Pricing Fee
\$0 - \$2,000,000	1.00%	0.40% - 0.65%	0.10% - 0.25%
\$2,000,000 - \$5,000,000	0.85%	0.35% - 0.60%	0.10% - 0.25%
\$5,000,000 - \$10,000,000	0.75%	0.30% - 0.55%	0.10% - 0.25%
Greater than \$10,000,000	Negotiable	0.25% minimum	0.10% - 0.25%

Certain custodians charge a minimum annual Asset Based Pricing Fee (“ABP”) which could make the annual ABP fee higher than the stated percentage of assets under management fee.

The D.H. Hill Select Cost of Services Schedule does not typically include costs charged by certain managers, Sub-Managers in the D.H. Hill Select Program. These annual costs range from 0% to 1% of the Client’s assets under management.

The Client’s total Cost of Services is a flat rate and not blended. The Total Fee charged as a percentage of assets under management to a Client Account will not exceed 2.75% of the value of the portfolio annually.

Negotiated Costs

The amount and method for calculating D.H. Hill Investment Management costs as referenced in the Cost of Services schedule are negotiated with each Client and confirmed in the Client Agreement, or if the schedule has changed since the initial Client Agreement the Client signed, then through supporting documentation. While the Investment Management costs are typically

assessed as a percentage of the Client's assets under D.H. Hill's management, it may also be assessed as a flat dollar amount. The Client is subject to the fee rate that is agreed to in their Client Agreement, which may be higher or lower than the fee schedule noted above.

D.H. Hill considers a number of variables when analyzing the specific services to be provided to the Client and when determining the appropriate cost for those services. Factors that determine the Cost of Services include, but are not limited to:

- the services expected to be performed
- the Client's wealth counseling and investment needs
- the amount of investable assets
- the Client's net worth
- the amount of time anticipated to be spent servicing the Client
- local regional office precedence based on historical costs charged to other similar Clients

The Client's IAR will determine the Cost of Service after carefully balancing the consultative and the implemented portions of the Client relationship. As a result, similar Clients may be charged different costs for similar services and the actual Cost of Services may be higher than the rates noted in the above schedule.

The Client's IAR reserves the right to determine whether Client accounts are "related" for purposes of aggregation. A determination of the related accounts is part of the Cost of Services negotiation between the Client and IAR. The Client should be aware that there may be certain restrictions on the aggregation of investments for ERISA, trusts, and IRA Client accounts.

In those instances where the majority of a Client's account is invested in fixed income securities, the Client's IAR reserves the right to offer a reduced Cost of Services.

For accounts where D.H. Hill is the investment adviser exercising discretion, the Cost of Services schedule is typically applicable to all assets under management, including cash and cash equivalents. The actual Cost of Services negotiated with the Client may determine that cash and/or cash equivalents are not to be included in the total Cost of Services. When cash and cash equivalents are not included, this creates a conflict of interest as D.H. Hill earns more fees when those assets are invested in securities it acquires. This conflict can be addressed by the Client and IAR pre-determining the amount of cash that will not be included with billing, or a pre-determination by the Client and IAR that a specific cash amount will be not be subject to D.H. Hill's advisory services, or by billing on all assets under management.

Investment Management Costs

D.H. Hill charges its Clients an annual management Cost of Services based on an agreed upon percentage of the Client's assets under management. These investment management costs are payable monthly or quarterly. The method for billing these costs may vary based custodian, local regional offices, or IARs, historical method and is agreed upon under the terms of the Client Agreement or supporting documentation if there were changes made after the Client signed the Client Agreement.

D.H. Hill typically bills its investment management costs in advance based on the value of the assets in the Client's account at the end of the previous month or quarter (based on service provider selected). In certain situations, as agreed upon in the agreement, D.H. Hill may bill costs in arrears, based on average daily balance of the account during the prior month or quarter, rather than in advance, or other methods.

For new accounts and for new assets added after the start of a month or quarter, accounts will either be billed when the assets are available to be managed by D.H. Hill, or in arrears, after the end of the month or quarter account was funded (based on service provider selected).

D.H. Hill's annual investment management Cost of Services includes costs for the following services: review, selection, monitoring and replacement services for a variety of securities, including but not limited to exchange traded funds, exchange traded notes, mutual funds, individual securities, bonds and sub-managers, and related services.

D.H. Hill relies on a number of different resources to price securities held in Client accounts, including multiple portfolio accounting systems (primarily Orion and Trust Company of America), pricing services and custodians. As a result, Clients may receive different statements displaying a different valuation of the same security, based on the source of the data. Additionally, different Clients with the same security may pay different costs depending on the valuation source of the securities in their specific account.

There are certain costs that Clients may incur, which are not included as part of the annual Cost of Services for Investment Management services charged by D.H. Hill. D.H. Hill may have an incentive to recommend its own strategies that have a manager cost associated rather than a non-affiliated manager, or into a strategy without additional costs, since it gets paid more when recommending its own strategies that have a supplemental cost. The amount that D.H. Hill is paid when Clients invest in its strategies is based on an estimate of costs, which include third party research, third-party manager expense, reporting fees, and strategy implementation and trading costs. The supplemental cost charged for investing in certain investment strategies does not include custody fees, as described in the next paragraph.

In addition to, and separate from, D.H. Hill's Cost of Services and supplemental investment manager costs, Clients may be charged the following costs from their account custodian: national securities exchange costs, charges for transactions with respect to assets not executed through the custodian; short term redemption costs; costs charged to shareholders of mutual funds and exchange traded funds by the fund manager; odd-lot differentials; American Depository Receipt costs; costs associated with exchanging currencies; or other costs required by law. Administrative costs for retirement accounts and any platform (technology) costs are paid directly by the Client, unless other arrangements have been made. Additionally, the Client will be charged for non-standard service costs incurred as a result of any special requests made by the Client, such as overnight courier or wiring costs.

Generally, D.H. Hill imposes a minimum account size of \$5,000 and, in the case of sub-managed assets a sub-manager may impose their own minimum account requirements. Any exceptions to account minimums are considered accepted by D.H. Hill once the management of Client assets

begins. Upon giving notice to D.H. Hill, or by contacting their account custodian directly, Clients may make additions to, or withdrawals from their investment management accounts. D.H. Hill reserves the right to terminate any account falling below its stated account minimum. Account minimums are imposed for various reasons, including, but not limited to the diminishing impact on the smaller allocations within a broadly diversified portfolio, the impact on a smaller portfolios' performance from transaction costs, the impact of a smaller portfolios' transaction costs on the total expense to manage the portfolio, limitations on securities that may be purchased for smaller dollar amounts, amongst other reasons.

D.H. Hill's responsibility for advising Client accounts begins at the earlier of the "Effective Date" agreed to in the Client Agreement, or the date when the Client's assets (cash and/or securities) have been credited to the Client's account at the custodian and sub-custodian, if applicable. However, in no event shall costs begin accruing prior to the date the Client signs the Client Agreement.

Where provided in its Client Agreements, and upon written notice, D.H. Hill reserves the right to amend its Cost of Services schedules at any time.

Clients should be aware that the costs charged by D.H. Hill may be higher or lower than those charged by others in the industry and that it may be possible to obtain the same or similar services from other advisers at lower or higher rates.

Clients should also be aware that Investment Professionals ("IPs" or Solicitors) not affiliated with D.H. Hill recommending these advisory services may receive compensation as a result of Clients' contracting with D.H. Hill for such services. The IP recommending services may, therefore, have a financial incentive to recommend that a Client use D.H. Hill's services over the services offered by other investment advisers.

Investment Management Fee Payment

For payment to D.H. Hill for its investment management services, D.H. Hill service providers send the custodian an invoice for monthly or quarterly cost debits. Clients will receive a monthly or quarterly statement from the custodian showing the amount of management costs that have been debited from their account. By signing the D.H. Hill Client Agreement, Clients are authorizing the debit of both the initial prorate fee and on-going monthly or quarterly costs.

Mutual Fund and ETF Cost

If mutual funds are selected for inclusion in Client accounts D.H. Hill manages, those mutual funds are either no-load funds or load-waived mutual funds. At times, mutual fund with a sales load may be transferred to D.H. Hill as part of new assets included under D.H. Hill's management. When this is the case, it is D.H. Hill's position that the mutual funds should be sold as soon as practicable.

All mutual funds and ETFs pay management costs to their investment advisers, and certain funds and money-market accounts have other types of costs or charges, including 12b-1, administrative or shareholder servicing costs, early redemption, bank servicing or certain other costs, which may be deducted from the net asset value of the funds that may be held in Client accounts on a

continuing basis. These costs are routinely charged to all fund or security shareholders or owners and are separate from and in addition to D.H. Hill's management Cost of Services.

Other Costs

For custodial services, D.H. Hill utilizes the services of a number of firms to meet its Clients' needs. Custodial transaction costs (for transactions executed through the custodian's broker-dealer) may be paid by the Client or by D.H. Hill as negotiated and stated in the D.H. Hill Client Agreement. Custodians charge Clients other fees, beyond transaction costs. The additional costs charged to Clients by the custodian may include, but are not limited to, custodial and clearing agent services for Client accounts, maintenance of portfolio accounting systems, preparation and mailing of Client statements, account processing, systematic withdrawals, redemptions, retirement account custodial services (except for the retirement account termination cost), maintenance of a Client inquiry system, as well as execution of securities transactions in the Client's account. Additionally, a transaction cost is charged by the Securities and Exchange Commission (SEC) to sellers of securities that are traded on stock exchanges and subsequently assessed to Clients. These costs are from Section 31(b) of the Securities Exchange Act of 1934 and are charged to recover the costs associated with the government's supervision and regulation of the securities markets and securities professionals. Refer to ITEM 12: Brokerage Practices.

Separate from costs assessed by the custodian, some Clients of D.H. Hill receive reports that display additional detailed performance information on their account(s). Such reports are provided to offer Clients additional insight about the way their accounts are performing and are provided in addition to the reports provided Clients through their account custodian. Notwithstanding, the performance information provided through reports, Clients should rely on the custodian statements for the most accurate account information. To produce these performance reports, D.H. Hill may charge Clients. The cost covers the reporting system expense and D.H. Hill associated administration of the system. The payment of this Reporting Cost may be made paid by D.H. Hill or by the Client, as negotiated.

Certain states require service providers to pay a Gross Receipt Tax (GRT) for services provided to residents of the state, including New Mexico. When D.H. Hill is required to pay a GRT, it directly passes through such costs to Clients for whom it applies.

ITEM 5: ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

D.H. Hill generally provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, corporations, government entities, charitable institutions, foundations, endowments, and trusts.

Minimum Account Size

Generally, D.H. Hill's investment management and planning services are available for households with minimum assets valued of at least \$25,000, with typical individual account minimums of \$5,000. The IAR may from time to time makes exceptions to the minimums, as the IAR deems appropriate. Account minimums are reviewed periodically and are subject to change. Upon giving notice to D.H. Hill, or by contacting their account custodian directly, Clients may make additions to or withdrawals from their investment management accounts. If at any time the Client's account is less than the minimum account and/or household size designated, the

Agreement may be subject to termination by D.H. Hill after formal written notice is provided to the Client. D.H. Hill's investment strategies are designed as long-term investment vehicles and asset withdrawals may impede the achievement of a Client's investment objectives or goals.

ITEM 6: PORTFOLIO MANAGEMENT SELECTION AND EVALUATION

Portfolio Management Selection

Unrelated third-party investment managers are selected based on their accessibility, experience, knowledge, strategy and methodology.

Portfolio Management Evaluation

D.H. Hill takes into consideration a number of issues in our due diligence effort to select and retain suitable managers. While not exclusive, we generally take into consideration the following:

- Whether portfolio or sub-manager manager is affiliated with a bank, insurance company, broker-dealer, and/or registered investment advisor;
- With respect to active managers, we look to see if historical performance calculations are in compliance with the performance guidelines of the Global Investment Performance Standards ("GIPS"), and/or rules-based, and represents philosophy of portfolio being considered. Note: GIPS performance is preferred, but not required;
- Review information available on key personnel, representative clients, fee arrangements, range of investment styles, and assets under management;
- Perform a qualitative analysis on the portfolio or sub-manager where we take into consideration whether there a clearly defined investment strategy and investment selection process, sell discipline/downside mitigation, investment style adherence, quality and depth of the management team, favorable firm ownership, desire to close portfolios based on size, marketing capabilities, type of client base, and regulatory compliance, transparency of underlying investments, and research capabilities;
- Perform a quantitative analysis which considers risk-adjusted returns, performance attribution, portfolio composition, fees, and statistical measures.

To assist in the portfolio manager and sub-manager selection process, D.H. Hill utilizes analytical information provided by a broad spectrum of information, including financial publications, third-party research materials, subscriptions to market data, timing services, analytic services, investment manager databases, and contact with affiliated and outside analysts and consultants.

Additionally, consideration is given to both active and passive management when available. The rationale to engage active management is to "add value" over time versus an indexed alternative. Both enhanced return and risk control are opportunities for a manager to "outperform" a comparable benchmark. Recognizing that active managers have periods where they over and/or underperform the benchmarks, manager selection and retention attempts to consider a series of full market cycles (at least 5-10 years) in order to weight the impact of active management over long periods of time.

Finally, In the event a manager strategy is illustrating a continuous, meaningful dispersion from stated investment discipline or objective per investment holdings; performance compared to

respective peer group either negative or positive; and/or alpha compared to respective peer group either negative or positive could lead to termination of manager by D.H. Hill. Other considerations that could lead to a hold or termination of a manager include manager is no longer forthcoming with requested information and/or a change in management team.

Performance Review

Performance information provided to D.H. Hill by managers is reviewed by D.H. Hill and compared to publicly available sources and third-party databases. However, manager-provided performance has not been independently verified by D.H. Hill and therefore its accuracy cannot be guaranteed. Additionally, Client should be aware that performance information may not be calculated on a uniform and consistent basis.

Related and Supervised Persons

This program frequently utilizes related persons and supervised persons as investment managers. Related persons acting as managers receive compensation when their strategies are utilized. The compensation may vary based upon which strategy is selected. Related persons are not subject to the same review as other outside portfolio managers participating in the Program. Related persons acting as managers in the program are selected because of their affiliation with D.H. Hill. From an investment standpoint, they are subject to the same review as other managers in the program.

The following related persons currently serve as portfolio managers in this program:
Dan Hill, CEO, CCO of D.H. Hill and John Brickhouse, President, CIO of D.H. Hill.

The inclusion of D.H. Hill's related persons as managers presents a conflict of interest. D.H. Hill and its related persons acting as portfolio managers have a financial interest to recommend utilization of their strategies. To address this conflict, Client may elect not to invest with related portfolio managers. If Client is seeking to invest with unrelated third-party managers, Client could select the D.H. Hill Select Wrap Program or seek other investment options available through D.H. Hill.

In fulfilling its duties to its clients, D.H. Hill endeavors at all times to put the interests of its clients first. It is important for Clients to be aware that certain conflicts of interest may exist in this Programs. D.H. Hill or a related person may receive additional compensation from third-party money managers such as sub-managers, separately managed accounts, mutual funds or exchange traded funds. D.H. Hill has an incentive to utilize those parties and products from which they may receive additional compensation.

General Description of Services

D.H. Hill provides a platform for independent representatives to provide wealth management services that include financial planning and personalized investment advice to its Clients based on each Client's individual needs and circumstances. Clients work with Investment Adviser Representatives ("IARs) to assess their individual financial needs, objectives and capacity for risk. Based on the IARs' review and analysis, the IARs assist with administering services desired by Clients.

Typical ways that IARs help Clients meet their objectives:

- Financial Planning and Investment Management: D.H. Hill IARs complete a risk profile assessment and analysis of Clients' objectives, making appropriate recommendations on how to help Clients meet their financial needs. IARs then provide recommendations to Clients on how to allocate their investable assets ("Portfolio Construction"), as well as make recommendations relating to the Client's financial life that may not directly relate to the assets that D.H. Hill manages on a discretionary basis. With this service, IARs meet with Clients at least annually, and at times more frequently, to reassess Client objectives and risk tolerances and to recommend and make modifications to Client investments as needed. In this situation, discretionary investment management is executed as described below.
- Investment Management Only: For Clients that choose D.H. Hill investment management services only, IARs work with Clients to assess their tolerance for risk and construct an investment portfolio in-line with stated risk. Once the portfolio has been constructed, the management of the assets are monitored by D.H. Hill. See below for further information about D.H. Hill's Investment Management Services.
- Financial Planning Only: For Clients that elect Financial Planning Services only, IARs work with Clients assessing Clients' financial needs and providing appropriate recommendations but does not include discretionary investment management. See below for further information about D.H. Hill's Financial Planning Services.

Generally, Client assets are managed in set strategies where multiple accounts are invested in the same securities with the same allocation. Client assets may also be managed on a custom and/or nondiscretionary basis. All Clients have the ability to request reasonable restrictions on how their account is allocated, but D.H. Hill may not be able to accommodate all restrictions based on specific mandates of particular strategies. If D.H. Hill cannot accommodate a requested restriction, the Client and/or IAR will be notified and given the option to withdraw their request, or the Client can work with their IAR to find an investment solution that meets the Client's expectations. If D.H. Hill is unable to accommodate a Client's requested restrictions, the Client will need to find another firm to help meet their financial objectives

Investment Management: Wrap Fee Versus Non-Wrap Fee Accounts

Clients are subject to transaction costs charged by the broker-dealer executing the transactions in the Client's account. In certain instances, Clients are assessed these fees separately by their account broker-dealer (Non-Wrap), or the transaction costs may be paid by D.H. Hill in one combined fee with their investment management fee or included with their supplemental investment management fee paid to D.H. Hill (Wrap). Since the difference between the two types of accounts relate to transaction fees, depending on how the Client's assets are invested, Wrap Fee account may cost less than a Non-Wrap Fee account, or vice versa. IARs work with Clients to determine if their account will be managed as a Wrap or Non-Wrap account. IARs are compensated based on a percentage of the assets under management, and their compensation may be higher or lower, depending on which method is chosen. Therefore, IARs may have a financial incentive to recommend one method over another. Further, because D.H. Hill absorbs the transaction costs in wrap fee accounts, D.H. Hill may have an incentive not to place transaction orders in those accounts since doing so increases D.H. Hill's transaction costs. Thus,

an incentive exists for D.H. Hill to place trades less frequently in a wrap fee account. D.H. Hill mitigates this conflict by disclosing this to Client and by not considering the additional transaction costs when making investment decisions.

The investment management agreement, supplemental investment management cost disclosure (or documented amendment to the agreement), and/or custodian documents that each Client executes displays whether the Client or D.H. Hill pays the transaction costs. The costs paid to D.H. Hill for Wrap Fee Accounts may be higher than the fees Non-Wrap Fee accounts pay. D.H. Hill does not manage Wrap Fee accounts differently from the way it manages Non-Wrap Fee accounts. In addition to the investment management costs and the transaction costs, Clients may be subject to other costs, as described below.

Performance Based Fee and Side-by-Side Management

D.H. Hill does not charge any performance-based costs (costs based on a share of capital gains on or capital appreciation of the assets of a Client).

Methods of Analysis

D.H. Hill's security analysis methods may include, fundamental analysis, quantitative analysis, technical analysis, cyclical analysis and the use of technical trading models.

Fundamental Analysis – Fundamental analysis is a method of evaluating a security in an attempt to measure its intrinsic value, by examining related economic, financial, and other qualitative and quantitative factors. Fundamental analysts study anything that can affect the security's value, including macroeconomic factors such as the overall economy and industry conditions, and microeconomic factors such as financial conditions and company management. The end goal of fundamental analysis is to produce a quantitative value that an investor can compare with a security's current price, thus indicating whether the security is undervalued or overvalued.

Technical Analysis – Technical analysis involves the examination of past market data rather than specific company data in determining which securities to buy/sell. Technical analysis may involve the use of various quantitative-based calculations, variation metrics and charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of a company. These trends may include put/call ratios, pricing trends, moving averages, volume, changes in volume, among many others. These trends, both short and long-term, are used for determining specific trade entry and exit points and broad economic analysis.

Cyclical Analysis – Cyclical analysis is similar to technical analysis in that it involves the assessment of market conditions at a macro (e.g., the entire market/economy) or micro (e.g., company specific) level, rather than the overall fundamental analysis of the health of a particular company. Cyclical analysis involves the historical patterns and trends of securities, markets or economies as a whole in an effort to determine future behaviors, the estimation of price movement, and an evaluation of a transaction before entry into the market in terms of risk and profit potential.

Technical Trading Models – Technical trading models are mathematically driven based upon historical data and trends of domestic and foreign market trading activity, including various industry and sector trading statistics within such markets. Technical trading models attempt to

identify when markets are likely to increase or decrease and identify appropriate entry and exit points.

Quantitative Analysis – Quantitative analysis refers to economic, business or financial analysis that aims to understand or predict behavior or events through the use of mathematical measurements and calculations, statistical modeling and research. Quantitative analysts aim to represent a given reality in terms of a numerical value. Quantitative analysis is employed for a number of reasons, including measurement, performance evaluation or valuation of a financial instrument, and predicting real world events such as changes in a country's gross domestic product (GDP) growth rate.

Passive Management – Passive management is when investors expect a return that closely replicates the investment weighting and returns of a benchmark index and will often invest in an index fund. Multiple passive investment strategies can be combined when using passive management. For example, large cap value index may be combined with small cap value index.

Active Management – Active management is where the manager makes specific investments with the goal of outperforming an investment benchmark index.

Investment Strategies

As described under the “General Description of the D.H Hill Wrap Program” above, D.H. Hill provides investment management services to its Clients using a variety of asset classes and investment vehicles that typically include mutual funds, exchange traded funds (“ETFs”), equity securities, fixed income securities, other related securities, and sub-managers. Client accounts are generally invested in strategies, with similar accounts invested in the same securities. Accounts are also managed at a custom level, with security selection varying from one Client to another. D.H. Hill IARs work with Clients to understand the Client’s risk tolerance, investment objectives, investment attribute preferences, and to determine an appropriate asset portfolio construction. D.H. Hill IARs determine an appropriate portfolio for each of their clients. Depending on how the Client assets are allocated, they are managed in different ways.

D.H. Hill makes available certain Multi-Manager Portfolio (“MMP”) and Single Manager Portfolios (“SMP”) investment strategies in this Program, some of which are unavailable outside of this program. These Portfolios may consist of allocations to multiple investment managers within a single account. D.H. Hill’s third-party managers may manage these investment products, or D.H. Hill may manage these products directly. These individual strategies and managers are available to clients outside of the program.

Modern portfolio theory (MPT) Asset Allocation is a theory on how investors can construct portfolios to optimize or maximize expected return based on a given level of market risk, emphasizing that risk is an inherent part of higher reward. According to the theory, it's possible to construct an "efficient frontier" of optimal portfolios offering the maximum possible expected return for a given level of risk. This theory was pioneered by Harry Markowitz in his paper "Portfolio Selection," published in 1952 by the Journal of Finance.

Tactical Asset Allocation – Tactical Asset Allocation is about staying in harmony with market trends and countertrends. D.H. Hill seeks to invest in an asset once it has entered an uptrend and exit once it has entered a downtrend. D.H. Hill's approach involves using different methodologies relative strength/momentum, countertrend analysis, intermarket analysis, and different time frames (daily, weekly, monthly, etc.). Tactical asset allocation is an active management strategy that allows D.H. Hill to seek extra value by rebalancing the percentage of assets held in various categories to take advantage of strong market sectors.

D.H. Hill's tactical strategies are designed with three key guiding principles:

- Mitigate downside of client's capital;
- Recognize major market trends;
- Adjust to changing market conditions.

D.H. Hill may utilize different investment strategies based upon the specific tactical strategy or strategies involved, which include long-term purchases, short-term purchases, trading and option writing. The strategies in this program include frequent trading, which can negatively affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Specialized Strategies: Specialized strategies are used for situations that need more focused exposure or less correlation to standard investments.

Single Manager Strategies: Managers can be selected and used individually or combined.

Risk of Loss

Investing in securities involves risk of loss that Clients should be prepared to bear. Investment performance can never be predicted or guaranteed and the value of a Client's account or portfolio holding will fluctuate due to market conditions and other factors. For all accounts D.H. Hill manages, there is a risk that the investments selected will underperform comparable indices.

Certain strategies that D.H. Hill may implement may exhibit higher turnover, which might have certain negative implications, including but not limited to reduced investment performance versus comparable indices, additional brokerage and transaction costs, and may, in some instances, create additional tax liability for Clients.

To implement investment management, if a Client's account initially contains securities invested rather than a cash deposit, all or a portion of the Client's securities may be sold either at the initiation of, or during, the course of management of their account. D.H. Hill is not responsible for market risk that may result in losses in a Client's account during the in-kind transfer of securities from one institution to another. The Client is responsible for any tax liabilities arising from such transactions and is encouraged to seek the financial advice of a qualified tax professional. Except as noted for above, as an outside business activity for some supervised persons, D.H. Hill, its affiliates and associated persons do not provide preparation, tax filing or legal financial advice for services it provides to Clients.

General

- **Concentrated Portfolios** – Concentrated portfolios are an aggressive and highly volatile approach to trading and investing. Concentrated portfolios hold fewer different stocks than a diversified portfolio and are much more likely to experience sudden dramatic price swings. In addition, the rise or drop in price of any given holding is likely to have a larger impact on portfolio performance, than a more broadly diversified portfolio. Note that there may be other circumstances not described here that could adversely affect a client's investment and prevent their portfolio from reaching its objective. Past performance is no indication of future results. Investing in securities involves a risk of loss that a client, should be prepared to bear.
- **Management Risk** – Client's investment with our D.H. Hill varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities.
- **Market Risk** - The risk that investment returns will be affected by changes in the overall level of the stock market. When the stock market increases or decreases, virtually all stocks are affected to some degree. Also, referred to as systematic risk.
- **Purchasing Power Risk (Inflation Risk)** - The risk that inflation will affect the return of an investment in real dollars. In other words, the amount of goods that one dollar will purchase decreases with time. Investments that have low returns, such as savings accounts, are not likely to keep up with inflation. Investments with fixed returns, such as bonds, can decrease in value because their purchasing value will decrease with inflation.
- **Reinvestment Rate Risk** - The risk incurred when an investment's income is reinvested at a lower rate than the rate that existed at the time the original investment was made. This risk is most prevalent when interest rates fall.

Mutual Funds

- **Equity Mutual Funds** – The major risks associated with investing in equity mutual funds is similar to the risks associated with investing in equity securities, including market risk, which is the risk that investment returns will fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. Other risks include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold their shares in the fund.
- **Fixed-Income Mutual Funds** – In addition to the risks associated with investing in equity mutual funds, fixed-income mutual funds also carry the following risks:
 - **Credit Risk** – the risk that a company or bond issuer may fail to pay principal and interest payments in a timely manner.
 - **Interest-rate Risk** - The risk that investment returns will be affected by changes in the level of interest rates. When interest rates increase, the prices and values of bonds decrease. When interest rates decrease, the prices and values of bonds increase.
 - **Prepayment Risk** – the risk that a bond will be paid off early.

Other Investments

- **Alternative Investments** – The performance of alternative investments (e.g., commodities, futures, hedge funds; funds of hedge funds, private equity or other types of limited

partnerships) can be volatile. Alternative investments generally involve various risk factors and liquidity constraints, a complete discussion of which is set forth in the offering documents of each specific alternative investment. Due to the speculative nature of alternative investments a client must satisfy certain income or net worth standards prior to investing.

- Equity Securities – The major risks associated with investing in equity securities relate to the company’s capitalization, quality of the company’s management, quality and cost of the company’s services, the company’s ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk and the company’s ability to create shareholder value (e.g., increase the value of the company’s stock price).
- Exchange Traded Funds – Exchange traded funds (ETFs) do not sell individual shares directly to investors and only issue their shares in large blocks. ETFs are subject to risks similar to those of stocks. Investment returns will fluctuate and are subject to market volatility, so that when shares are sold, they may be worth more or less than their original cost. ETF shares are bought and sold at market price (not Net Asset Value) and are not individually redeemed from the fund.
- Options Risk – Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.

Methods of Analysis

- Risks Associated with Methods of Analysis - D.H. Hill’s securities analysis methods rely on the assumption that the companies whose securities the firm purchases and sells, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While the firm is alert to indications that data may be incorrect, there is always the risk that D.H. Hill’s analysis may be compromised by inaccurate or misleading information.
- Technical Analysis – The primary risk in using technical analysis is that spotting historical trends may not help predict such trends in the future. Even if the trend will eventually recur, there is no guarantee than D.H. Hill will be able to accurately predict such a reoccurrence.
- Cyclical Analysis – The primary risk of cyclical analysis is that economic/business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore, there is an attendant difficulty in predicting economic trends. Consequently, the changing value of securities that would be affected by these changing trends.
- Technical Trading Models - The primary risk of technical trading models is that historical trends and past performance cannot predict future trends and there is no assurance that the mathematical algorithms employed are designed properly, are updated with new data, or can accurately predict future market, industry, and sector performance.

Additional Risks - (i) Frequent Trading and Investment Performance: Tactical strategies can be managed on a daily, weekly, monthly, and/or quarterly basis and frequent trading may occur. Strategies involving frequent trading of securities can affect investment performance through

increased brokerage and other transaction costs and taxes. (ii) Use of Leverage: Some of the strategies can utilize levered index products. Leveraged ETFs are considered risky. The use of leverage strategies by a fund increases the risk to the fund and magnifies gains or losses on the investment. Client could incur significant losses even if the long-term performance of the underlying index showed a gain. Most leveraged ETFs "reset" daily. Due to the effect of compounding, their performance over longer periods of time can differ significantly from the performance of their underlying index or benchmark during the same period of time.

Voting Client Securities

D.H. Hill has voting authority with regard to Client securities and therefore has the authority to vote proxies on Clients behalf. D.H. Hill policy is to refrain from voting proxies because we believe the time cost of voting a proxy typically outweighs the benefits to our clients in aggregate. From time-to-time we may elect to vote proxies when we believe the benefit outweighs these costs. This may not always be in Clients best interest. Through the use of Client instructions, Client may place restrictions on our ability to participate in proxy voting.

ITEM 7: CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

IARs act as the primary point of contact for D.H. Hill's Clients, gathering information to understand their individual risk tolerance and financial objectives. Based on their assessment of Clients financial needs and risk tolerance, IARs select appropriate strategies or customized investments for Clients. After selecting a particular strategy or investment option, IARs provide appropriate outlet for processing transactions (which may include outside service agents) with the necessary information to execute transactions. The information provided typically includes but is not limited to the Clients:

- Name
- account number/s
- how the Clients assets should be distributed (percent allocation) into one or more strategies and;
- any reasonable restrictions form the Client on how they would like their assets to be invested

The IAR notifies advisory operations about requested changes to the percent allocation and/or changes to reasonable restrictions requested by the Client.

ITEM 8: CLIENT CONTACT WITH PORTFOLIO MANAGERS

Clients of D.H. Hill may at times desire to speak with the portfolio managers of the D.H. Hill Wrap Program. Clients are expected to speak with their IAR with questions about the management of their assets. Clients may request to speak with the portfolio manager, which will be granted on a case by case basis. Client should be aware that a Portfolio Manager may not be able to address information about the Clients individual investment objectives. Client's should rely on their IAR for discussions about their investment objectives.

ITEM 9: ADDITIONAL INFORMAITON

Disciplinary Information

Investment advisers and their management persons are required to disclose all material facts regarding any legal or disciplinary events that might be material to a Client, or a prospective

Client's evaluation of D.H. Hill's advisory business or the integrity of D.H. Hill's management. D.H. Hill has no reportable disciplinary information.

Other Financial Industry Activity and Affiliations

The CEO, CCO of D.H. Hill, Dan H. Hill, is also the principal executive officer and general securities principal of D.H. Hill Securities, LLLP ("DHHS"), a broker-dealer and FINRA member firm. He is also a registered representative of DHHS, a licensed insurance agent and a Texas Real Estate Broker. These other activities may require up to 50% of his time.

The President, CIO of D.H. Hill, John Brickhouse, is a registered representative of DHHS, and a licensed insurance agent.

D.H. Hill is related to DHHS, a broker-dealer and FINRA member firm, due to common ownership of Dan H. Hill, CEO, COO of D.H. Hill. Although D.H. Hill has no arrangements with DHHS that are material to its Advisory business or its clients, commission-based securities products may be offered to advisory clients through DHHS which creates a conflict of interest.

D.H. Hill is related to D.H. Hill Insurance Services, LLC ("DHHI"), an insurance agency, due to common ownership of Dan H. Hill, CEO, COO of D.H. Hill. Although D.H. Hill has no arrangements with DHHI that are material to its Advisory business or its clients, commission-based insurance products may be offered to advisory clients through DHHI which creates a conflict of interest.

Certain IARs of D.H. Hill are licensed as registered representatives of DHHS. When acting as a registered representative, these individuals offer brokerage services and receive commissions for those brokerage transactions. Brokerage services provided by a registered representative are different from advisory services offered through D.H. Hill. For a brokerage relationship, the standard of care is based on suitability, with the premise being that the recommended security is appropriate for a Client at the time of purchase and adheres to the Client's investment objectives and risk tolerance. Commissions earned are for a specific transaction and usually involve an upfront amount and may include a smaller ongoing commission (referred to as 12b-1 fees or trails). For an advisory relationship, fiduciary duty is mandated under Section 206 of the Investment Advisers Act of 1940, where the standard of care is higher than that of a brokerage relationship. A fiduciary standard requires investment advisers to place the clients' interests above their own. In an advisory relationship, the cost of services is typically generated throughout the advisory relationship based on the asset size of the account, or a negotiated flat cost for services. Because of the potential for the IAR to generate a commission separate from, or in addition to fees charged by D.H. Hill, the IAR may have an incentive to recommend investment brokerage products based on the compensation they may receive rather than taking into account the Client's interest.

Certain IAR's of D.H. Hill may be appointed as a licensed insurance agent of an insurance agency, including DHHI. When acting as a licensed insurance agent, these individuals offer insurance services and receive commissions for those insurance transactions. Insurance services provided by a licensed insurance agent are different from advisory services offered through D.H. Hill. For an insurance relationship, the standard of care is based on need, with the premise being

that the recommended insurance product is appropriate for a Client at the time of purchase and adheres to the Client's needs. Commissions earned are for a specific transaction and usually involve an upfront amount and may include a smaller ongoing commission. For an advisory relationship, fiduciary duty is mandated under Section 206 of the Investment Advisers Act of 1940, where the standard of care is higher than that of an insurance relationship. A fiduciary standard requires investment advisers to place the clients' interests above their own. In an advisory relationship, the cost of services is typically generated throughout the advisory relationship based on the asset size of the account, or a negotiated flat cost for services. Because of the potential for the IAR to generate a commission separate from, or in addition to fees charged by D.H. Hill, the IAR may have an incentive to recommend insurance products based on the compensation they may receive rather than taking into account the Client's interest.

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

D.H. Hill has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its Clients. The Code of Ethics includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at D.H. Hill must acknowledge the terms of the Code of Ethics annually, or as required by any amendment of the Code of Ethics. Nevertheless, because the Code of Ethics in some circumstances would permit supervised persons to invest in the same securities as Clients, there is a possibility that supervised persons holding securities might benefit from market or trading activity conducted in a Client's account. Supervised person trading is continually monitored under the Code of Ethics in an effort to prevent any potential conflicts of interest between D.H. Hill and its Clients.

D.H. Hill's Clients or prospective Clients may request a copy of its Code of Ethics by calling 832-644-1852 or writing to D.H. Hill at 1543 Green Oak Place, Suite 100, Kingwood, TX 77339.

It is D.H. Hill's policy to not broker any principal or agency cross securities transactions for Client accounts. D.H. Hill will also not broker trades between Client accounts. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory Client and for another person on the other side of the transaction. Under SEC Interpretation of Section 206(3) of the Investment Advisers Act, Release No. IA-1732, the SEC states: "We have concluded that if an investment adviser receives no compensation (other than its advisory fee), directly or indirectly, for effecting a particular agency transaction between advisory Clients, the adviser would not be "acting as broker" within the meaning of Section 206(3)". Based on this interpretation, D.H. Hill does not act as "agent" with respect to Rule 206(3) and is not subject to the written disclosure requirements of the rule.

In certain instances, a D.H. Hill portfolio manager may decide that a securities position to be liquidated in one Client's account may be a good purchase for another Client. When this occurs, the portfolio manager may conduct a needs analysis to determine whether another Client might

benefit from owning the securities position. If such activity does take place, with one D.H. Hill Client selling a position and a separate Client purchasing the same position, D.H. Hill shall not be compensated or receive any financial benefit from doing so, of any kind, from either party, except for its normal asset management fee.

Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory Client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another Client account. D.H. Hill does not perform principal transactions.

D.H. Hill may refer certain Clients, on a case-by-case basis, to entities offering alternative investments, including private placements. D.H. Hill's CEO is a managing member of a private placement that it referred Clients to in the past. Some of those clients still have funds invested with the private placement, and the CEO and his family members are investors in that private placement. D.H. Hill does not expect to refer clients to this private placement in the future. If it does make such a referral, it will disclose the relationship and address any conflicts of interest to clients, in writing.

When investing its own corporate funds, D.H. Hill does not intentionally invest in the same securities as its Clients or have its own proprietary account(s) alongside any Client accounts.

Certain supervised persons may have accounts managed by D.H. Hill and/or may be invested in the same securities that are recommended to Clients or held in Client accounts. Supervised persons may also hold securities or trade for their own accounts contrary to financial advice provided to Clients. If supervised persons have hired D.H. Hill to manage their accounts on a discretionary basis, those accounts are traded along with other Client accounts and are not given any different or special treatment.

Review of Investment Management Accounts

D.H. Hill's IARs, administrative and management personnel, and its Investment Committee members periodically and continuously monitor Client accounts for which it exercises discretionary investment management to identify situations that may warrant either a detailed review or specific action on behalf of a Client. Such reviews may include, but are not limited to, performance, client objectives, inactivity, high concentrations in individual securities, or changes in the Client's account information or financial situation. D.H. Hill's Investment Committee will review directly-managed and IAR managed portfolios with respect to issues such as performance results, the need for rebalancing or changes to portfolio.

Annual or more frequent reviews are attempted to be conducted with the Client and their IAR to discuss changes in the Client's investment objectives, risk tolerance and changes to, or new reasonable restrictions on the management of their investments. Clients are asked to either meet in person or by telephone or online conference at which time their financial situation, condition, or investment objectives or goals are reviewed. If the Client and IAR do not meet for a considerable period of time, greater than a year, after reasonable effort is made by the IAR to do so, the Client's account will be managed based on previously communicated expectations

Client Referrals

D.H. Hill receives referrals from third parties that are not affiliated with D.H. Hill. The third parties may be paid a flat fee for referrals, or a percentage of the fees that the Client pays to D.H. Hill. In these situations, in accordance with SEC Rule 206(4)-3 under the Investment Advisers Act of 1940, a Solicitors Agreement is executed between D.H. Hill and the third party. D.H. Hill initially and annually confirms that the third party is not statutorily disqualified from providing investment adviser services. Additionally, the third party will provide a Solicitor's Separate Written Disclosure Statement to the Clients at the time of the solicitation or referral disclosing the nature of the relationship with D.H. Hill and the amount of referral fees paid.

Continuing Education & Product Training

From time-to-time, D.H. Hill organizes educational and training meetings for its associated persons. Certain product providers, non-affiliated managers and vendors are permitted to make presentations to its associated persons. The presentations may or may not provide continuing education credits, such as for insurance licensing. These providers may contribute to the cost of putting on these sessions at hotels or other meeting facilities. These products and services, how they benefit us, and the related conflicts of interest are described above in Item 12 Brokerage Practices. The availability to us of these products and services is not based on D.H. Hill giving particular investment financial advice.

Recruiting Expenses

As a part of D.H. Hill's business, the firm hires outside parties (recruiters) to help find investment adviser representatives interested in joining D.H. Hill, or for using D.H. Hill's platform services. The recruiters are typically paid a fee based on a percentage of the total revenue of the IAR or business referred to D.H. Hill.

Soft Dollars

D.H. Hill receives products and services from firms providing custodial services that benefit D.H. Hill but that may not benefit all D.H. Hill Clients. These services are typically offered to all investment advisers working with the custodian and do not have a specific cost tied to the benefit. Some of these products and services assist D.H. Hill in managing and administering Client accounts. These products and services include software and other technology that provide access to Client account data (such as trade confirmations and account statements); services that facilitate trade execution (and allocation of aggregated trade orders for multiple Client accounts); research, pricing information and other market data; products and services that facilitate payment of D.H. Hill fees from its Client accounts, and assist with back office functions, recordkeeping and Client reporting. Generally, many of these services may be used to service all or a substantial number of D.H. Hill's Client accounts.

Third-party service providers also make available to D.H. Hill other services intended to help D.H. Hill manage and further develop its business enterprise but that do not directly benefit its Clients. These services include consulting, offering publications and conferences on practice management, information technology, third-party research, business succession, regulatory compliance and marketing. In addition, third-party service providers may arrange and/or pay for these types of services rendered to D.H. Hill by independent third-parties. In certain instances, the third-party service providers discount or waive fees they would otherwise charge

for some of these services or pay all or a part of the fees of other third-parties providing such services to D.H. Hill. Third-party service providers may also contribute to educational events held by D.H. Hill for its supervised persons.

Account custodians may offer reduced transaction costs to associated persons of D.H. Hill that custody their personal assets at the custodian. These transaction costs may be less than the costs that are typically made available through the custodian's retail service divisions.

To offset the costs of transitioning new Client assets, the Client's account custodian may agree to reimburse the Client for all or a portion of their account transfer fees. In order for the custodian to pay transaction costs, certain minimum asset transition thresholds may be required to be met. If the minimum asset transition amounts are not met, the reimbursement will not be made and the Client would be responsible for paying their transition expense. The payment of transition expense by a custodian creates a conflict of interest as the reduced expense may be a deciding factor to transition assets to D.H. Hill. Thus, D.H. Hill may have an incentive to recommend a custodian that will cover this expense over one that doesn't. To address this conflict of interest, prospective Clients can choose to not transfer their assets from their existing custodian or choose a different custodian than the one recommended by D.H. Hill. Choosing a different custodian may restrict D.H. Hill's ability to manage the Client's assets.

While as a fiduciary, D.H. Hill seeks to act in its Clients' best interests, D.H. Hill's recommendation that Clients maintain their assets in accounts at a particular custodian may be based in part on the benefit to D.H. Hill, including the availability of some of the foregoing products and services and not solely on the nature, cost, or quality of custody and brokerage services provided. This may benefit D.H. Hill more than individual Clients. D.H. Hill may have an incentive to select or recommend a broker-dealer based on its interest in receiving these benefits, rather than the Client's interest in receiving the most favorable execution. It's possible that Clients would pay lower commissions by using a broker-dealer that does not provide any benefit to D.H. Hill. A conflict of interest exists when the services provided by the vendor are based on the amount of Client assets that D.H. Hill maintains with the third-party service provider. To address this conflict, D.H. Hill will not compromise its best execution and fiduciary responsibility to its Clients.

Third-Party Service Providers

D.H. Hill typically asks Clients to custody their assets with a specific custodian. D.H. Hill's recommendation to its Clients to hold assets in custody with a particular firm is based on various factors, including, but not limited to the historical place where the assets were held in custody prior to the Client becoming a Client of D.H. Hill, and the services provided by the custodian to D.H. Hill to help service the Client's assets (see "Soft Dollars" above).

While D.H. Hill may recommend a custodian to Clients, Clients are not obligated to follow its recommendation. It is the Client's decision on where they custody their assets. If a Client chooses to custody their assets at a custodian other than what is recommended by D.H. Hill, the firm may not be able to discretionarily manage the Client's assets, thus restricting the kinds of services it can make available.

Financial Information

This item is meant to provide certain financial information or disclosures about D.H. Hill's financial condition. D.H. Hill has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients and has not been the subject of a bankruptcy proceeding.