

H. BECK, INC.  
2440 Research Boulevard, Suite 500  
Rockville, Maryland 20850  
301.944-5900

[www.hbeckinc.com](http://www.hbeckinc.com)

### **Portfolio Builder Program**

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

Dated: March 31, 2020

This Wrap Fee Program Brochure provides clients with information about the business practices of H. Beck, Inc. and the Portfolio Builder Program that should be considered before becoming a client. If you have any questions about the contents of this brochure, please contact us at (301) 944-5900. For additional information about H. Beck, Inc., visit our website at [www.hbeckinc.com](http://www.hbeckinc.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

Additional information about H. Beck, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). "Registration" or being "registered" with the SEC does not imply a certain level of skill or training.

## **Material Changes**

This Item 2 discusses only specific material changes that were made to our previous Form ADV 2A Brochure dated July 3, 2019. There were no material changes to our present Form ADV 2A Brochure.

Pursuant to SEC Rules, we will update this section of the brochure on an annual basis and send a summary of any material changes at our firm or to this brochure supplement along with our annual privacy policy mailing within 120 days of the close of our business fiscal year. You may receive a complete copy of our firm brochure or of this wrap fee program brochure by contacting your financial advisor or by contacting our firm and requesting one.

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

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## Services, Fee, and Compensation

### Introduction

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

H. Beck is a wholly owned subsidiary of Kestra Financial, Inc., (“Kestra”) and has been registered with the SEC as an investment adviser since October 1999.

H. Beck 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 H. Beck. Our primary methods of providing investment advisory services are: 1) advisor managed accounts; 2) selection of other investment advisers; 3) financial planning; 4) wrap-fee programs; and 5) qualified and non-qualified retirement plan services. Our investment advisory services are provided through our investment adviser representatives (“IARs”) located throughout the country. Our IARs may also be registered representatives of H. Beck (i.e., registered with FINRA to sell securities) and licensed as insurance agents. To the extent your IAR provides fixed insurance products or services to you (other than fixed indexed annuities), he or she does so outside of HBI and our supervision.

This Wrap Fee Program Brochure describes the investment advisory services that H. Beck provides through its Portfolio Builder wrap-fee program. In addition to being an investment adviser, our firm is also a broker-dealer. We provide securities (such as stocks, bonds, mutual funds and variable insurance, among others), investment advice and other financial services to clients. We provide investment advice through investment adviser representatives registered with our firm. We refer to these investment adviser representatives as “Advisors” in this brochure. Most of our Advisors are also registered representatives of H. Beck. In addition, many of our Advisors also act as insurance agents independent from our firm. We generally do not provide fixed insurance products or services. To the extent your Advisor provides fixed insurance products or services to you, he or she does so outside of our firm and supervision.

Some of our IARs are also involved in other business activities, such as accounting, legal, tax, and other non-investment services for which we are not responsible. Unless otherwise provided by applicable law and the particular circumstances, services provided by our IARs outside of HBI will not be subject to a fiduciary standard. HBI does not provide legal or tax advice and you should consult your own attorney or tax advisor for guidance relative to your specific circumstances.

H. Beck has entered into an agreement with Envestnet Asset Management, Inc. (Envestnet)

that enables our Advisors to offer the Portfolio Builder wrap-fee program and the services described below to you.

The process for engaging us to provide you services begins with our Advisor obtaining financial information from you in order to develop investment recommendations that meet your goals and objectives. Our Advisor will review your information and analyze it in order to recommend appropriate products and service based on your investment objectives, investment time horizon and risk tolerance. You will enter into a contract with our firm setting forth terms and conditions of the advisory services relationship for the Portfolio Builder Program. You will also enter into separate custodial/clearing agreements with the applicable custodian. H. Beck clears transactions pursuant to our clearing agreement through Pershing, LLC (Pershing). Pershing, and not our firm, maintains custody of funds and securities in your account. Additional information regarding Pershing is described below. In addition to this Brochure, you will also receive a copy of our Privacy Policy. You will also receive the Envestnet Form ADV Part 2A brochure that further describes their services as an investment adviser.

Our Advisors will contact you, and typically meet with you, at least annually to review the performance of your Portfolio Builder Program account and any changes to your financial situation and investment goals and objectives. You are required to provide your Advisor with updated information regarding your financial condition and changes that may have occurred in your objectives, time horizon or risk tolerance. You are encouraged to contact your Advisor should you have questions about the management of your account in the Portfolio Builder Program.

H. Beck makes available hundreds of different mutual fund and variable insurance products to our representatives and customers. We also make available many retirement vehicles such as 401(k) and group variable annuity products, as well as alternative investment products such as limited partnerships, real estate investment trusts, and hedge fund products. Our Advisors are free to choose what products they sell to customers from among these many products. Because of the numerous investment and insurance alternatives available, we focus on the sale of products of a select number of providers ("Strategic Partners"). Strategic Partners are given increased access to our Advisors for the purpose of providing marketing, education and product support.

H. Beck receives both financial and non-financial support from certain mutual fund, insurance and other companies or their affiliates based upon the sale of such companies' products. We receive more compensation for the sale of products of Strategic Partners than for the products of other providers we sell and thus have a financial incentive to sell the products of Strategic Partners. The amounts and forms of compensation we receive from Strategic Partners vary based on a number of factors including but not limited to, level of past sales, prospective future sales and the types of service and access to distribution we provide. We receive one or more of the forms of compensation described below in connection with our arrangements with each Strategic Partners. These payments are made from the resources of the investment adviser or distributor (or one of their affiliates) in the case of

mutual fund Strategic Partners, and from the resources of the insurance company (or its affiliate) in the case of variable annuities, group annuities, and variable life products. These payments are in addition to the sales charges, rule 12b-1 fees, service fees, redemption fees, deferred sales charges and other fees and charges described in the prospectus fee tables or offering documents of the various products. **Note:** H. Beck credits back to each client's account an amount equal to the 12b-1 fees received by H. Beck under its agreement with Strategic Partners.

Generally, you may purchase alternative investments on a commission basis through your advisor in their capacity as a registered representative of H. Beck or purchase such investments at net asset value (NAV) in an advisory accounts, in which case your Advisor will charge an ongoing advisory fee as a percentage of the investment's value. There are different costs associated with purchasing these investments by commission or at NAV. You and your Advisor must evaluate and determine which option is most appropriate based on the services being provided, and how long you anticipate holding the investment, among other factors. If you choose to purchase an alternative investment on a commission basis, we will not charge an advisory fee on the value of that investment. Note that you will likely pay more in advisory fees versus up-front commissions over the typical holding period of these investments.

Illiquid alternative investments subject to fee billing in advisory accounts are required by H. Beck to be valued at NAV. This valuation serves as the basis for fee calculations for advisory accounts where fees are assessed based on assets under management (AUM). NAV for illiquid alternative investments may be calculated as often as quarterly but no less frequently than annually. In the case where an alternative investment is valued annually, the underlying value of the asset may fluctuate, but the NAV will continue to serve as the basis for the AUM calculation. This could result in you experiencing higher or lower fees than if the NAV were calculated more frequently.

## **Program Services and Fees**

### **Advisor as Portfolio Manager (Architect Series)**

These services include the ability to produce detailed proposals, create investment models, allocate assets, monitor client specifications on an account, aggregate trading and rebalance an account. In acting as a portfolio manager for you as described in this brochure, Advisors generally invest in individual equity or fixed income securities as well as pooled investment vehicles such as mutual funds. Please see our firm's Form ADV Part 2A Brochure for more information on this service.

You should promptly notify us if there is ever any change in your financial situation or investment objectives as it may cause us to review, evaluate or revise our previous recommendations and services to you. The Portfolio Builder Architect Series program typically has a \$50,000 minimum account size requirement. The Portfolio Builder Program Fee includes our firm, Envestnet, and custodial fees for the account. The Advisor Fee accounts for advisory services provided by your financial advisor related to managing the account. Mutual fund, ETF, or other fees charged by the sponsoring companies are disclosed by prospectus.

Custody and trading services may be included in the Portfolio Builder Program Fee or applied

as set forth below. Any additional fees are disclosed with your client agreement.

<u>Assets</u>	<u>Program Fee</u>		<u>Advisor's Fee</u>		<u>Total Fee*</u>	
	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>
<u>\$0 to \$500,000</u>	<u>0.16%</u>	<u>0.20%</u>	<u>0.00%</u>	<u>2.00%</u>	<u>0.16%</u>	<u>2.20%</u>
<u>\$500,001 to</u>	<u>0.13%</u>	<u>0.17%</u>	<u>0.00%</u>	<u>1.80%</u>	<u>0.13%</u>	<u>1.97%</u>
<u>\$1,000,001 to</u>	<u>0.11%</u>	<u>0.15%</u>	<u>0.00%</u>	<u>1.40%</u>	<u>0.11%</u>	<u>1.55%</u>
<u>\$2,000,001 to</u>	<u>0.06%</u>	<u>0.10%</u>	<u>0.00%</u>	<u>1.40%</u>	<u>0.06%</u>	<u>1.50%</u>
<u>\$4,000,001 and up</u>	<u>0.02%</u>	<u>0.06%</u>	<u>0.00%</u>	<u>1.00%</u>	<u>0.02%</u>	<u>1.06%</u>

\*Total Fee is the sum of the Program Fee plus the Advisor's Fee. Total fee does not reflect minimum program fee of up to \$100 per year per account. The above fees represent the fees for assets within each tier. The actual rate is a blended rate calculated on total assets across all tiers.

#### Advisor as Portfolio Manager (Engineer Series)

These services include the ability to produce detailed proposals, create investment models, allocate assets, monitor client specifications on an account, aggregate trading and rebalance an account. In acting as a portfolio manager for you as described in this brochure, Advisors generally invest in mutual funds and ETFs available through Pershing's FundVest Program. Please see our firm's Form ADV Part 2A Brochure for more information on this service.

You should promptly notify us if there is ever any change in your financial situation or investment objectives as it may cause us to review, evaluate or revise our previous recommendations and services to you. The Portfolio Builder Engineer Series program typically has a \$10,000 minimum account size requirement. The Portfolio Builder Engineer Series Program Fee includes our firm, Envestnet, and custodial fees for the account. The Advisor Fee accounts for advisory services provided by your financial advisor related to managing the account. Mutual fund, ETF, or other fees charged by the sponsoring companies are disclosed by prospectus.

Custody and trading services may be included in the Portfolio Builder Program Fee or applied as set forth below. Any additional fees are disclosed with your client agreement.

	<u>Program Fee</u>	<u>Advisor's Fee</u>		<u>Total Fee*</u>	
<u>Assets</u>	<u>Platform Fee</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>
<u>\$0 to \$500,000</u>	<u>0.16%</u>	<u>0.00%</u>	<u>2.00%</u>	<u>0.16%</u>	<u>2.16%</u>
<u>\$500,001 to</u>	<u>0.16%</u>	<u>0.00%</u>	<u>1.80%</u>	<u>0.16%</u>	<u>1.96%</u>
<u>\$1,000,001 to</u>	<u>0.16%</u>	<u>0.00%</u>	<u>1.40%</u>	<u>0.16%</u>	<u>1.56%</u>
<u>\$2,000,001 to</u>	<u>0.16%</u>	<u>0.00%</u>	<u>1.40%</u>	<u>0.16%</u>	<u>1.56%</u>
<u>\$4,000,001 and up</u>	<u>0.16%</u>	<u>0.00%</u>	<u>1.00%</u>	<u>0.16%</u>	<u>1.16%</u>

\*Total Fee is the sum of the Program Fee plus the Advisor's Fee. Total fee does not reflect minimum program fee of up to \$50 per year per account. The above fees represent the fees for assets within each tier. The actual rate is a blended rate calculated on total assets across all tiers.

#### Third-party Strategists (Blueprint Series)

We have, or Envestnet has, entered into agreements with various third-party strategists that provide allocation models for investments in mutual funds and exchange-traded funds (ETFs).

Through this service, our Advisors use the models provided by these strategists to recommend an allocation of your assets among mutual funds and/or ETFs. Envestnet is responsible for the actual trading and investment of your assets based on the recommendation of our Advisor and strategist model. You may be restricted in your ability to directly contact and consult with the strategists or Envestnet, but our Advisors are available to address any questions, issues or concerns regarding the strategists or their models. The result is an account portfolio comprised of selected mutual funds and/or ETFs based on your investment objectives and risk tolerance. Accounts using third-party strategists typically have a minimum account size requirement of \$50,000. The Portfolio Builder Strategist Program Fee includes our firm, Envestnet, and custodial fees for the account. The Advisor Fee is for advisory services provided by your financial advisor in relation to managing the account. Mutual fund, ETF, and strategist fees charged by the sponsoring companies are disclosed by prospectus and the Statement of Investment Selection. In general, the ranges of fees are reflected in the Manager Portion of the Program Fee.

Custody and trading services may be included in the Portfolio Builder Program Fee or applied as set forth below. Any additional fees are disclosed with your client agreement.



<u>Assets</u>	<u>Program Fee- (Platform)</u>		<u>Program Fee – (Manager Portion)</u>		<u>Advisor's Fee</u>		<u>Total Fee*</u>	
	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>
<u>\$0 to \$500,000</u>	<u>0.26%</u>	<u>0.30%</u>	<u>0.02%</u>	<u>0.82%</u>	<u>0.00%</u>	<u>2.00%</u>	<u>0.28%</u>	<u>2.50%</u>
<u>\$500,001 to</u>	<u>0.19%</u>	<u>0.23%</u>	<u>0.02%</u>	<u>0.82%</u>	<u>0.00%</u>	<u>1.80%</u>	<u>0.21%</u>	<u>2.50%</u>
<u>\$1,000,001 to</u>	<u>0.14%</u>	<u>0.18%</u>	<u>0.02%</u>	<u>0.82%</u>	<u>0.00%</u>	<u>1.40%</u>	<u>0.16%</u>	<u>2.40%</u>
<u>\$2,000,001 to</u>	<u>0.11%</u>	<u>0.15%</u>	<u>0.02%</u>	<u>0.82%</u>	<u>0.00%</u>	<u>1.40%</u>	<u>0.13%</u>	<u>2.37%</u>
<u>\$4,000,001 and</u>	<u>0.09%</u>	<u>0.13%</u>	<u>0.02%</u>	<u>0.82%</u>	<u>0.00%</u>	<u>1.00%</u>	<u>0.11%</u>	<u>1.95%</u>

\*Total Fee is the sum of the Program Fee plus the Advisor's Fee. In instances where the maximum Program Fee plus Advisor Fee would exceed 2.5 percent, the Advisor fee is reduced so as to not exceed a 2.5 percent Total Fee. Total fee does not reflect minimum program fee of up to \$100 per year per account. The above fees represent the fees for assets within each tier. The actual rate is a blended rate calculated on total assets across all tiers.

#### Third-party Strategists (Foundation Series)

We have, or Envestnet has, entered into agreements with various third-party strategists that provide allocation models for investments in mutual funds and exchange-traded funds (ETFs).

Through this service, our Advisors use the models provided by these strategists to recommend an allocation of your assets among mutual funds and/or ETFs. Envestnet is responsible for the actual trading and investment of your assets based on the recommendation of our Advisor and strategist model. You may be restricted in your ability to directly contact and consult with the strategists or Envestnet, but our Advisors are available to address any questions, issues or concerns regarding the strategists or their models. The result is an account portfolio comprised of selected mutual funds and/or ETFs which are on the Pershing Fundvest Platform based on your investment objectives and risk tolerance. Accounts using third-party strategists typically have a minimum account size requirement of \$10,000. The Portfolio Builder Foundation Series Strategist Program Fee includes our firm, Envestnet, and custodial fees for the account. The Advisor Fee is for advisory services provided by your financial advisor in relation to managing the account. Mutual fund, ETF, and strategist fees charged by the sponsoring companies are disclosed by prospectus and the Statement of Investment Selection. In general, the ranges of fees are reflected in the Manager Portion of the Program Fee.

Custody and trading services may be included in the Portfolio Builder Program Fee or applied as set forth below. Any additional fees are disclosed with your client agreement.

<u>Assets</u>	<u>Program Fee</u>	<u>Program Fee – (Manager Portion)</u>		<u>Advisor’s Fee</u>		<u>Total Fee*</u>	
	(Platform)	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>
<u>\$0 to \$500,000</u>	<u>0.20%</u>	<u>0.02%</u>	<u>0.82%</u>	<u>0.00%</u>	<u>2.00%</u>	<u>0.22%</u>	<u>2.50%</u>
<u>\$500,001 to</u>	<u>0.20%</u>	<u>0.02%</u>	<u>0.82%</u>	<u>0.00%</u>	<u>1.80%</u>	<u>0.22%</u>	<u>2.50%</u>
<u>\$1,000,001 to</u>	<u>0.20%</u>	<u>0.02%</u>	<u>0.82%</u>	<u>0.00%</u>	<u>1.40%</u>	<u>0.22%</u>	<u>2.42%</u>
<u>\$2,000,001 to</u>	<u>0.20%</u>	<u>0.02%</u>	<u>0.82%</u>	<u>0.00%</u>	<u>1.40%</u>	<u>0.22%</u>	<u>2.42%</u>
<u>\$2,900,000 to</u>	<u>0.15%</u>	<u>0.02%</u>	<u>0.82%</u>	<u>0.00%</u>	<u>1.40%</u>	<u>0.17%</u>	<u>2.37%</u>
<u>\$4,000,001 and</u>	<u>0.13%</u>	<u>0.02%</u>	<u>0.82%</u>	<u>0.00%</u>	<u>1.00%</u>	<u>0.15%</u>	<u>1.95%</u>

\*Total Fee is the sum of the Program Fee plus the Advisor's Fee. In instances where the maximum Program Fee plus Advisor Fee would exceed 2.5 percent, the Advisor fee is reduced so as to not exceed a 2.5 percent Total Fee. Total fee does not reflect minimum program fee of up to \$50 per year per account. The above fees represent the fees for assets within each tier. The actual rate is a blended rate calculated on total assets across all tiers.

### Institutional Money Management

Envestnet has entered into agreements with various third parties that will manage your assets either directly or through pooled investment vehicles. Under this service, our advisors recommend managers to invest your assets based on your investment objectives and risk tolerance. You may be restricted in your ability to directly contact and consult with managers or Envestnet, but our Advisors are available to address any questions, issues or concerns regarding these managers or their recommendations. The primary ways an Advisor provides access to a manager through the Portfolio Builder Program are described below:

- **Separately Managed Accounts (SMAs)**  
SMAs are accounts managed by firms that typically invest assets for large institutions and high net worth individuals. Unlike mutual funds, where your assets are pooled with those of other investors, SMAs provide direct ownership by you of the individual securities and ETFs within the SMA portfolio. This structure provides more control over your assets, allowing both you and your Advisor to customize an investment solution that reflects your individual goals and objectives. SMA accounts typically have a minimum account size requirement of \$100,000, though some third-party managers require a minimum account size of \$250,000. The fees for management of your SMA are generally within the ranges set forth below. The SMA Program Fee includes our firm, Envestnet, and custodial fees for the account. The Advisor Fee is for advisory services provided by your financial advisor in relation to managing the account. Mutual fund, ETF, and separate account management fees charged by the sponsoring companies are disclosed by prospectus and the Statement of Investment Selection.

### Equity SMA

<u>Assets</u>	<u>Program Fee -</u>		<u>Program Fee -</u>		<u>Advisor's Fee</u>		<u>Total Fee*</u>	
	<u>Min.</u>	<u>Max</u>	<u>Min</u>	<u>Max</u>	<u>Min</u>	<u>Max</u>	<u>Min</u>	<u>Max</u>
<u>\$0 to \$500,000</u>	<u>0.46%</u>	<u>0.50%</u>	<u>0.25%</u>	<u>0.40%</u>	<u>0.00%</u>	<u>2.00%</u>	<u>0.71%</u>	<u>2.50%</u>
<u>\$500,001 to</u>	<u>0.27%</u>	<u>0.31%</u>	<u>0.25%</u>	<u>0.40%</u>	<u>0.00%</u>	<u>1.80%</u>	<u>0.52%</u>	<u>2.50%</u>
<u>\$1,000,001 to</u>	<u>0.23%</u>	<u>0.27%</u>	<u>0.25%</u>	<u>0.40%</u>	<u>0.00%</u>	<u>1.40%</u>	<u>0.48%</u>	<u>2.07%</u>
<u>\$2,000,001 to</u>	<u>0.19%</u>	<u>0.23%</u>	<u>0.25%</u>	<u>0.40%</u>	<u>0.00%</u>	<u>1.40%</u>	<u>0.44%</u>	<u>2.03%</u>
<u>\$4,000,001 and</u>	<u>0.18%</u>	<u>0.22%</u>	<u>0.25%</u>	<u>0.40%</u>	<u>0.00%</u>	<u>1.00%</u>	<u>0.43%</u>	<u>1.62%</u>

\*Total Fee is the sum of the Program Fee plus the Advisor's Fee. In instances where the maximum Program Fee plus Advisor Fee would exceed 2.5 percent, the Advisor fee is reduced so as to not exceed a 2.5 percent Total Fee. Total fee does not reflect minimum program fee of up to \$100 per year per account. The above fees represent the fees for assets within each tier. The actual rate is a blended rate calculated on total assets across all tiers.

### Fixed Income SMA

<u>Assets</u>	<u>Program Fee - Platform</u>		<u>Program Fee - Manager Portion</u>		<u>Advisor's Fee</u>		<u>Total Fee*</u>	
	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>
<u>\$0 to \$500,000</u>	<u>0.36%</u>	<u>0.40%</u>	<u>0.10%</u>	<u>0.25%</u>	<u>0.00%</u>	<u>2.00%</u>	<u>0.46%</u>	<u>2.50%</u>
<u>\$500,001 to</u>	<u>0.21%</u>	<u>0.25%</u>	<u>0.10%</u>	<u>0.25%</u>	<u>0.00%</u>	<u>1.80%</u>	<u>0.31%</u>	<u>2.30%</u>
<u>\$1,000,001 to</u>	<u>0.21%</u>	<u>0.25%</u>	<u>0.10%</u>	<u>0.25%</u>	<u>0.00%</u>	<u>1.40%</u>	<u>0.31%</u>	<u>1.90%</u>
<u>\$2,000,001 to</u>	<u>0.15%</u>	<u>0.19%</u>	<u>0.10%</u>	<u>0.25%</u>	<u>0.00%</u>	<u>1.40%</u>	<u>0.25%</u>	<u>1.84%</u>
<u>\$4,000,001 and up</u>	<u>0.14%</u>	<u>0.18%</u>	<u>0.10%</u>	<u>0.25%</u>	<u>0.00%</u>	<u>1.00%</u>	<u>0.24%</u>	<u>1.43%</u>

\*Total Fee is the sum of the Program Fee plus the Advisor's Fee. In instances where the maximum Program Fee plus Advisor Fee would exceed 2.5 percent, the Advisor fee is reduced so as to not exceed a 2.5 percent Total Fee. Total fee does not reflect minimum program fee of up to \$100 per year per account. The above fees represent the fees for assets within each tier. The actual rate is a blended rate

calculated on total assets across all tiers.

- Unified Manager Accounts (UMAs)

UMAs are accounts that combine traditional SMAs, third party strategists, equities, mutual funds and ETFs into a single diversified portfolio. Your assets are directly invested within each asset class by an overlay manager that is typically responsible for initially allocating assets within each asset class and monitoring and rebalancing among the asset classes. UMAs typically have a minimum annual account size requirement of \$150,000. The fees for management of your UMA are generally within the ranges set forth below.

The UMA Program Fee includes our firm, Envestnet, and custodial fees for the account. The Advisor Fee is for advisory services provided by your financial advisor in relation to managing the account. Mutual fund, ETF, and separate account management fees charged by the sponsoring companies are disclosed by prospectus and/or the Statement of Investment Selection.

#### UMA Schedule

<u>Assets</u>	<u>Program Fee - Platform</u>		<u>Program Fee - Manager</u>		<u>Advisor's Fee</u>		<u>Total Fee*</u>	
	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>
<u>\$0 to \$500,000</u>	<u>0.20%</u>	<u>0.50%</u>	<u>0.00%</u>	<u>0.40%</u>	<u>0.00%</u>	<u>2.00%</u>	<u>0.20%</u>	<u>2.50%</u>
<u>\$500,001 to</u>	<u>0.17%</u>	<u>0.31%</u>	<u>0.00%</u>	<u>0.40%</u>	<u>0.00%</u>	<u>1.80%</u>	<u>0.17%</u>	<u>2.50%</u>
<u>\$1,000,001 to</u>	<u>0.15%</u>	<u>0.27%</u>	<u>0.00%</u>	<u>0.40%</u>	<u>0.00%</u>	<u>1.40%</u>	<u>0.15%</u>	<u>2.07%</u>
<u>\$2,000,001 to</u>	<u>0.10%</u>	<u>0.23%</u>	<u>0.00%</u>	<u>0.40%</u>	<u>0.00%</u>	<u>1.40%</u>	<u>0.10%</u>	<u>2.03%</u>
<u>\$4,000,001 and</u>	<u>0.06</u>	<u>0.22%</u>	<u>0.00%</u>	<u>0.40%</u>	<u>0.00%</u>	<u>1.00%</u>	<u>0.06%</u>	<u>1.62%</u>

\*Total Fee is the sum of the Program Fee plus the Advisor's Fee. In instances where the maximum Program Fee plus Advisor Fee would exceed 2.5 percent, the Advisor fee is reduced so as to not exceed a 2.5 percent Total Fee. Total fee does not reflect minimum program fee of up to \$100 per year per account. The above fees represent the fees for assets within each tier. The actual rate is a blended rate calculated on total assets across all tiers.

### Additional Information About Fees

All Portfolio Builder Program fees are negotiable, subject to the maximum amount set forth above and are charged on a per account basis. The cost of the services provided to you through the Portfolio Builder Program may be more or less than the cost of purchasing similar services separately. Among the factors impacting the cost of the program are the account size, type of account registration (e.g., retirement), nature of services we provide you, amount of assets specific to a particular strategy and the particular service or third-party manager selected.

Your Advisor generally receives compensation as a result of your participation in the Portfolio Builder Program on the Envestnet platform. The amount of this compensation is generally more than what your Advisor would receive if you participated in our other platforms or programs or separately paid for investment advice, brokerage and other services. Your Advisor therefore has a financial incentive to recommend this platform over other programs or services we offer. An Advisor receives additional economic benefit as a result of business with us in the form of reduced charges for the platforms and services we make available to the Advisor for use with their clients, as well as additional compensation from H. Beck in the form of an increased payout. The reduced charges and additional compensation is generally based on the aggregate amount of assets of the Advisor's clients that utilize platforms and services of us or our affiliates or other factors in our discretion. An Advisor therefore has a financial incentive to recommend the Portfolio Builder Program over other platforms or services we provide. This additional financial benefit is not shared with you, which creates a conflict of interest based on incentive for an Advisor to utilize the Portfolio Builder Platform.

The following grid reflects the reduced platform fees for Portfolio Builder based on aggregate assets in the Portfolio Builder Program on the Envestnet platform: Assets held in Engineer, Foundation and UMA programs do not count toward this AUM discount.

Assets in Portfolio Builder Program		
Over	To	Discount
\$ 50,000,000	\$ 74,999,999.99	0.01%
\$ 75,000,000	\$ 99,999,999.99	0.02%
\$ 100,000,000	\$ 249,999,999.99	0.03%
\$ 250,000,000	And above	0.04%

Other costs that may be assessed to you and that are not part of the Portfolio Builder Program Fee include dealer markups, electronic fund and wire transfers, spreads paid to market-makers, market maker spreads and exchange fees, among others. Any and all brokerage account fees, including retirement account annual custodial fees, apply to each

of your accounts. For any Portfolio Builder accounts, a \$200 minimum platform fee applies. The above-listed amounts do not include other amounts that you may be subject to, such as the initial and ongoing expenses paid to third-party investments or third-party pooled investment vehicles, such as mutual funds, annuities or alternative investments. Such expenses are usually set forth in the applicable offering document of the investment and are payable or borne by you in addition to any fee outlined above.

Our Chief Compliance Officer is available to address any questions that a client or prospective client may have regarding its prospective engagement and the corresponding conflict of interest presented by such an engagement.

### **Investment and Brokerage Discretion**

By choosing to participate in the Portfolio Builder Program, you are required to grant discretionary investment authority to us so that we may take all necessary steps for providing advisory services for your account, such as determining the securities and amount to be bought or sold and recommending any appropriate third-party strategist or third-party manager.

By choosing to participate in the Portfolio Builder Program, you have designated Pershing as the broker/custodian for your assets. By designating Pershing as your broker/custodian, we will not have authority to negotiate commissions among various brokers or to obtain volume discounts, and best execution may not be achieved. You may pay higher commissions and transaction costs and receive less favorable net prices than other clients. Third-party managers may have policies to aggregate trades with their own trades or trades for other clients as disclosed in more detail in each third party's disclosure Brochure. Not all investment advisers require directed brokerage.

H. Beck introduces accounts on a fully disclosed basis to Pershing. For advisory accounts, we do not typically act in a principal capacity when initiating any trade order; however, Pershing or underlying managers may act in a principal capacity when executing a trade order. Any principal trades in an advisory account will be handled in accordance with applicable law. An agency cross transaction takes place when we cause a security to be transferred from one account to another. Agency cross transactions are not permitted in Advisory Accounts.

### **Account Requirements and Types of Clients**

Our clients include individuals, pension and profit sharing plans, corporations and other business organizations, trusts, estates and charitable organizations. We generally require a minimum account value of \$10,000 for new accounts, although we may waive the account minimum from time to time at our discretion.

### **Portfolio Manager Selection and Evaluation**

Our research and due diligence process is a multi-step approach designed to identify and

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monitor the managers in the Portfolio Builder Program to provide services for you over various market cycles. Through our relationship with Envestnet, we rely primarily on Envestnet to identify prospective managers and to perform due diligence on such managers that may be selected in the Portfolio Builder Program. Managers are typically evaluated based on data and information from various third-party sources, such as independent databases, and from the particular manager.

Among the information collected and analyzed are historical performance, investment philosophy, investment style, historical volatility and correlation across asset classes.

To the extent Envestnet has not performed the research and due diligence on a third-party manager, we will review the third party through our internal due diligence process. Managers are typically evaluated based on data and information from various third-party sources, such as independent databases, and from the particular manager. Among other things, our process entails examining items such as the disclosure Brochure on Form ADV, Part 2A of the manager, any applicable offering document, performance reports and other information as deemed necessary to help determine the third party's investment strategy. We also attempt to verify information by comparing it to publicly available sources.

Advisors are also responsible for the selection of any third-party investments or investment vehicle based upon your specific situation, requirements and suitability. Advisors will recommend the replacement of any third-party investments or investment vehicle consistent with their duties as a fiduciary under applicable law.

As soon as possible, but in no event later than 45 days after the end of each calendar quarter, we, the custodian or Envestnet will make available to you via electronic means a quarterly statement containing a description of all activity in your account during the previous quarter. Account statements will be forwarded by National Financial on a quarterly basis. If trading activity occurs in the account during a month that is not a quarter-end month, a monthly statement will be sent to you.

Statements will be sent in one package per account group with a Consolidated Summary of Accounts Page as long as the address on each account matches the primary account. If a primary account is not designated, we or your Advisor will select one. Pershing will make copies of account statements and summary pages available electronically on its NetX360 system for us or your Advisor and on its NetXInvestor system for you. Your Advisor must be enrolled on the NetX360 system in order for you to view statements online with NetXInvestor. Please contact your Advisor should you want access to NetXInvestor. As with all investments, we do not guarantee positive performance results.

We typically do not review performance information of third parties, and performance information may not be calculated on a uniform or consistent basis among each third-party manager available through the Portfolio Builder Program. Further, third parties may not calculate performance in accordance with any industry or other standards.

## **Client Information Provided to Portfolio Managers**

Your information is forwarded to Envestnet so that it may be sent along to any appropriate third- party strategist or third-party manager to perform the services under the Portfolio Builder Program described above.

You should be aware that for some of the services outlined above, Pershing may transmit certain of your personal account information to a third-party vendor, solely for the purpose of managing your account. The type of information that may be submitted includes (i) account detail information such as your name, address and Social Security number, (ii) account balances such as margin and core cash balances, (iii) account positions such as securities held and number of shares; and (iv) account transactions such as buys, sells and dividends.

## **Client Contact with Portfolio Managers**

You may be restricted in your ability to directly contact and consult with the strategists, portfolio managers and Envestnet regarding your account and participation in the Portfolio Builder Program. However, our Advisors are available to address any questions, issues or concerns regarding the strategists and their models or portfolio managers and their recommendations.

## **Additional Information**

### **A. Disciplinary History**

H. Beck has not been the subject of any material disciplinary actions as a result of its activities as a registered investment adviser.

H. Beck is a federally registered investment adviser with the Securities Exchange Commission ("SEC") and a member broker-dealer of the Financial Industry Regulatory Authority ("FINRA"). All of the events disclosed below derive from its operations as a broker-dealer. Additional detail regarding these matters is available through FINRA's Broker/Check system.

Within the past ten years, solely in H. Beck's capacity as a broker-dealer, H. Beck has been assessed:

A fine in the amount of \$17,500 by FINRA pursuant to a settlement agreement, effective November 24, 2008, that H. Beck failed to comply fully with NASD Rules regarding the reporting of trades through the Order Audit Trail System ("OATS").

A fine in the amount of \$40,000 by the Virginia Department of Securities pursuant to a settlement agreement, effective January 6, 2009, that H. Beck failed to supervise an agent in violation of state regulations.



A fine in the amount of \$140,000 by FINRA pursuant to a settlement agreement, effective March 23, 2009, that H. Beck 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 an order from the Maryland Securities Commissioner, effective July 23, 2010, to reasonably supervise its registered representatives and agreed to revise its personal trading procedures.

A fine in the amount of \$9,500 by the Texas State Securities Board pursuant to a settlement agreement, effective July 27, 2010, that H. Beck failed to enforce written procedures regarding supervision of use of marketing materials by a representative.

A fine in the amount of \$150,000 by FINRA pursuant to a settlement agreement, effective July 18, 2011, that H. Beck failed to establish and maintain a supervisory system that were reasonably designed to achieve compliance with the rules and regulations applicable to the retention of electronic and written communications.

A fine in the amount 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.

A fine in the amount of \$425,000 by FINRA pursuant to a settlement agreement effective March 30, 2015, that H. Beck failed to apply sales charge discounts to eligible purchases of unit investment trusts and failed to establish a supervisory system and procedures reasonably designed to ensure that customers received sales charge discounts on all eligible unit investment trust purchases.

A fine in the amount of \$40,000 by FINRA pursuant to a settlement agreement, effective August 12, 2015, that H. Beck failed to enforce written supervisory procedures regarding on-going due diligence on three offerings from one issuer of a security.

A fine in the amount of \$50,000 by FINRA pursuant to a settlement agreement, effective September 27, 2017, that H. Beck acting through a registered representative recommended nontraditional ETFs and metals and mining stocks to a customer that were unsuitable and the failure to adequately to supervise the sale of nontraditional ETFs.

HBI was censured and fined \$ 400,000 pursuant to a settlement agreement effective November 20, 2018. Without admitting or denying the findings, HBI consented to findings that it failed to establish and enforce written supervisory procedures, systems and training in connection with the sale of multi-share class variable annuities, including L-Share contracts with long term Riders and B-Share contracts. Additionally, the findings stated that HBI failed to enforce written supervisory procedures in connection with the use and review of consolidated reports issued by registered representatives to customers.

## **B. Other Financial Industry Activities or Affiliations**

The principal business of H. Beck is that of a full-service, general securities introducing broker-dealer registered with the SEC, and state securities agencies and is a member of FINRA. H. BECK is subject to the rules and regulations of the Municipal Securities Rulemaking Board ("MSRB") and National Futures Association ("NFA"). H. Beck is involved in the sale of various types of securities, including but not limited to, mutual funds, stocks, bonds, options, direct participation programs and variable insurance products. H. Beck also has the ability to recommend managed futures as an introducing broker.

Your Advisor is a registered representative authorized to provide securities brokerage services through H. Beck and may be separately licensed as an insurance agent for one or more insurance companies. In those separate capacities, he or she may offer products or services to you. If you purchase other products or services recommended by your representative, you might be charged commissions or transaction-based fees; however, H. Beck and the representative will forego such compensation in connection with those transactions related to the advisory services offered while a plan services agreement is in force.

Our obligations to you when we are acting as a broker-dealer or insurance agency differ from our obligations to you when we are acting as an investment adviser. In particular, when we are acting as a broker-dealer or insurance agency (and when your Advisor is acting as a registered representative or an insurance agent) we are acting (directly or indirectly) as an agent of the issuer of the security or insurance product and are being paid by the issuer to distribute and sell their product. We or our Advisor receive commissions and other transaction-based compensation if we are successful in selling the products on behalf of the issuer. When acting in these sales capacities, any recommendations we make must be suitable for our customers. In contrast, when we are acting as an investment adviser (and your Advisor is acting as an investment adviser representative) we are acting as your agent in providing investment advice to you. In doing so, we are fiduciaries to you and owe you a duty of care, a duty of loyalty and must act in your best interest.

You are under no obligation, however, to purchase any other products or services from H. Beck or our representatives.

## **C. Conflicts of Interest**

Various situations and programs present a conflict of interest for H. Beck and/or its Advisors. Typically, these conflicts of interest arise because H. Beck and/or the Advisor receive compensation or other benefits in addition to the investment advisory fees we receive from the client. Conflicts of interest also arise when (i) we can achieve certain expense reductions based upon how a client's assets are invested (e.g. the rates we pay third party service providers may decrease as we introduce more assets to those third-party service providers); (ii) we receive additional compensation from a client in a capacity other than as the client's

investment adviser (e.g. for certain programs where we also act as the broker-dealer and receive additional compensation in that capacity); or (iii) one of our affiliates may receive compensation through some of our programs (e.g. a program where an affiliate of ours provides trust services). In all of these situations we have an economic interest in how a client's assets are invested, thus resulting in a conflict between the client's interests and ours.

An Advisor is compensated as a result of a client engaging the Advisor to provide services to the client. The amount of that compensation varies between our programs and may be more than what the Advisor would earn if the client paid separately for services that we may bundle together (e.g. paying separately for investment advice and brokerage services). Therefore, an Advisor may have an economic interest in whether the client receives investment advisory services versus securities brokerage or other services, or which investment advisory program a client utilizes, thus resulting in a conflict between the client's interests and those of the Advisor. For more information about your Advisor's compensation, please contact your Advisor.

While all trading fees for the purchase or sale of a security are borne by H. Beck, Inc. select mutual funds and ETFs are part of a no transaction fee program at Pershing, our custodian. These no transaction fee funds are made available because certain funds families have agreed to pay and reimburse Pershing and us for the trading costs associated with their funds. The use of these funds may not provide the lowest overall costs over time when compared to mutual funds or ETFs with transaction fees. This relationship creates a conflict of interest as it results in increased compensation to us.

As required by law, H. Beck maintains certain policies and procedures, such as our "Code of Ethics" (see below), that are designed to prevent H. Beck and our Advisors from acting in any way that is inconsistent with our legal obligations to a client, including the requirement that we put our clients' interests first. We address conflicts by disclosing them to clients so they can make an informed decision as to whether to continue with the advisory relationship and by reviewing the recommendations made by our Advisors. We also use reports and audits to review the advice provided by our Advisors and the accounts they manage.

#### Payments from Strategic Partners

In its capacity as a broker-dealer and insurance agency, H. Beck offers products issued by over 200 sponsor companies. In its capacity as an investment adviser, H. Beck can provide access to third-party investment advisers. However, we have a focused relationship with a limited number of sponsor companies and third-party investment advisers ("Strategic Partners"). Pursuant to H. Beck's Strategic Partner Program, H. Beck receives payments commonly referred to as "revenue sharing" from some of the Strategic Partners or their affiliates. Such revenue sharing is in addition to the regular compensation H. Beck receives when acting as a broker-dealer, insurance agency or investment adviser (such as loads, commissions, 12b-1 fees, and investment advisory fees). Revenue sharing payments are paid to H. Beck by the Strategic Partners or their affiliates. **Note:** H. Beck credits back to each client's account an amount equal to the 12b-1 fees received by H. Beck under its agreement

with Strategic Partners.

In addition to revenue sharing payments, which typically are based on a percentage of initial sales of securities and/or a percentage of annual assets held (or assets under management), H. Beck receives compensation in the form of flat fees for providing certain Strategic Partners with access to conferences and meetings with its field force (together with revenue sharing, “additional compensation”).

H. Beck may use the additional compensation for general financial support to offset the costs of product management support and compliance. The actual amount H. Beck receives is negotiated in each case and varies by Strategic Partner. In return for the revenue sharing payments, Strategic Partners have greater access to our representatives to provide training and other educational presentations and product information so they can serve investors better, visibility on our representative website and assistance with coordinating access to and educational opportunities for our representatives. In addition, the Strategic Partners and we agree to provide each other periodic reports.

There is no direct economic incentive for representatives of H. Beck to sell securities or insurance products issued by, or investment advisory programs managed by, the Strategic Partners over any other security, insurance product, or investment advisory program. In this respect, the H. Beck representatives do not receive any part of the additional compensation. Accordingly, we believe these financial arrangements do not create incentives that will influence the advice you receive from your representative. Nevertheless, the Strategic Partner arrangements create a conflict of interest since H. Beck receives financial benefits from certain of the Strategic Partners if their securities or investment advisory programs are selected that H. Beck does not receive if securities and investment advisory programs of non-Strategic Partners are chosen.

Information about payments received during 2018 from Strategic Partners that participated in the HBI Strategic Partner Program, which are relevant to HBI’s investment advisory services, are included in another brochure, H. Beck, Inc. Form ADV 2A, which contains the information about HBI’s advisory business and which is offered to all HBI advisory clients on an annual basis.

### **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”), H. Beck 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 H. Beck and its “supervised persons” (as defined in the Act) in connection with H. Beck’s investment advisory business. These standards include requirements:

- To act at all times with the utmost integrity and honesty, dealing fairly with clients, H. Beck, 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 the 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. Our access persons also are prohibited from purchasing any security that is part of an initial public offering without prior approval. Access Persons must also obtain prior approval from H. Beck'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 that arise from the personal securities trading activity, the Code requires Access Persons to provide, and H. Beck 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 reviewed by H. Beck.

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 H. Beck's Chief Compliance Officer.

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

H. Beck and its affiliates have investment responsibilities, render investment advice to, and perform other investment advisory services for, other individuals and entities ("Other Accounts"). H. Beck 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"). H. Beck 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. H. Beck has no obligation to purchase for a client's Account a position in any security which Other Accounts or Affiliated Accounts may acquire.

## Brokerage Practices

HBI does not receive research or other products or services (also known as “soft dollar benefits”) from a broker-dealer or third party in connection with client securities transactions. In addition to being an investment adviser HBI also is an introducing broker-dealer. In its capacity as a broker-dealer, we act as a selling agent on a best efforts basis for fixed income securities, which an HBI IAR may recommend for your advisory account. In such transactions, HBI will receive advisory fees on the fixed income securities in your advisory account but will not receive commissions or other transaction-based compensation on such trades.

In its capacity as a broker-dealer, HBI has a clearing agreement with Pershing to settle and clear all securities trades introduced to it by HBI. Clients in the ACAMP+ Program should be aware that HBI introduces all securities trades for these programs to Pershing, which settles and clears such trades. Trades for the ACAMP+ Program are directed to Pershing. As a result, HBI will not be able to: (i) select broker-dealers on the basis of the lowest price or other attributes; (ii) shop around to different broker-dealers to negotiate commissions (or mark-ups or mark-downs on fixed income and other securities) or impact or improve the price or quality of the execution 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.

Due to the foregoing, certain transactions might result in less favorable prices on the purchase and sale of securities than would otherwise be the case, and we may be unable to achieve most favorable execution of client transactions. In particular, clients may not achieve executions of the nature, quality, speed or price that they might otherwise, which means client accounts in the ACAMP+ Program might not generate the returns they would if orders were not directed as described above. Not all investment advisers require their clients to direct brokerage. The securities trades directed to Pershing in the ACAMP+ Program are included in the calculation of assets we introduce to Pershing and therefore may result in reduced fees charged to us by Pershing or in our receipt of additional services from Pershing.

As the introducing broker-dealer of record for ACAMP+ accounts, HBI has an interest in having Pershing settle and clear securities transactions under these Programs. Under HBI’s agreement with Pershing, the fees charged to HBI and the level of services provided by Pershing are dependent upon the amount of assets introduced by HBI to Pershing. The securities trades directed to Pershing under the ACAMP+ Program are included in the calculation of assets introduced by HBI 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. Any such reduction in fees being charged to HBI does not result in a reduction of the Program Fees charged to clients in the ACAMP+ Program.

Investment advisers must act in the best interest of their clients, including the selection of appropriate mutual fund share classes, and disclose fees associated with the recommended share classes. A single mutual fund may offer more than one “class” of its shares to investors,

but each class represents a similar interest in the mutual fund's portfolio. The principal difference between the classes is that the mutual fund charges different fees and expenses on the various share classes based primarily on the amount invested. Even within a share class, expenses will vary by fund and by fund company. These fees and expenses negatively impact investment returns. The brokerage or clearing platforms we utilize do not make available all mutual fund families or all share classes of all mutual funds. Certain share classes are not eligible to be managed as advisory assets. We do not allow B or C share mutual funds to be held as advisory assets.

In an effort to ensure we your Advisor recommends an appropriate mutual fund share class, we offer a single share class for a subset of the mutual fund families available through on our custodians, and of those fund families we offer one share class is available for each fund recommended on our platform within the fund families we offer and the funds of those families available through the applicable brokerage or clearing platform. We refer to this subset as "covered funds". Covered funds are chosen based on a set of criteria designed to offer the best appropriate share class for the largest segment of our clients while still offering consistency across our platforms. The funds on our platform may not be the absolute lowest cost share class available in the marketplace but will meet our standard criteria of analysis that includes cost, custodial availability, and average client trade volumes.

HBI receives securities service fees, 12b-1 fees and other third-party payments if you implement our recommendations through our affiliated broker-dealer. Relative to your mutual fund purchases, for the period in which you maintain an investment with the mutual fund, HBI will receive ongoing 12b-1 and service fees directly from the mutual fund company or ongoing fees from the adviser, underwriter or distributor of the mutual fund. Mutual funds with 12b-1 fees are generally more expensive than those funds without such fees. There is a conflict of interest when we recommend these products or services since they result in increased compensation to HBI. To mitigate this conflict of interest, HBI will credit back to your account an amount equal to the 12b-1 and service fees collected in connection with your advisory assets, except for 12b-1 fees generated through the default sweep money market mutual funds available on the Pershing platform, which Pershing remits to HBI and which HBI retains. This credit is only available for accounts custodied at Pershing.

Pershing offers a no-transaction-fee (NTF) program where the transaction charge is waived for the purchase and sale of mutual funds participating in the program. Other mutual funds participate in a program where the transaction charge is waived for the purchase of mutual funds but not the sale. Participating funds compensate Pershing as applicable, which in turn compensates HBI based on the amount of assets invested in those funds. As a result, HBI has a conflict of interest to the extent IARs recommend these funds, because HBI will receive compensation in addition to any advisory fees you pay. If your IAR absorbs the transaction fees for your account, the NTF program creates a conflict of interest as it results in increased compensation to your IAR. The funds in the program also have higher expense ratios than similar funds not in the program. Thus, over time, you will pay higher costs for funds in this program than you would for non-NTF funds subject to transaction charges.

When you establish an account with HBI on the Pershing platform, you are required to select a bank sweep option or money market mutual fund in which the cash in your account will be held. The FDIC bank deposit sweep program is the default option for cash contributed to non-entity (individual) accounts and HBI receives more from Pershing for assets held in that sweep program than we do for assets placed into a money market fund. Entities are not eligible to participate in the bank deposit sweep program.

The bank sweep account will have a yield that will vary based on prevailing interest rates. HBI has the ability to dictate what portion of the yield (interest rate paid) on the bank sweep accounts it will retain. HBI's ability to adjust the yield creates a conflict of interest since the lower the portion of the yield paid to you, the more HBI earns. Our IARs do not receive any portion of the bank sweep compensation paid to HBI. HBI does not select or recommend other broker-dealers. In some programs, clients direct trades to us for introduction to Pershing, LLC, HBI's clearing firm.

HBI IARs may aggregate trades for client accounts in the ACAMP+ Program. Trades may be aggregated for various securities, including stocks and exchange traded funds. All clients participating in an aggregated or "block" trade receive the same average price for the relevant security and clients' costs are allocated on a pro-rata basis. Aggregating trades does not guarantee that a client will pay a lower cost than if HBI had not aggregated a trade and at times could cause a given client to pay more in transaction costs than he or she would otherwise pay.

## **Review of Accounts**

As a part of the investment management services provided in the Program, H. Beck will review your account with you at least once each year to determine whether the assets in your account are allocated consistently with the parameters of the allocation strategy you selected. The review covers such things as changes in the value of your account, the success of your investment strategy in meeting your investment needs and objectives, whether any material changes have taken place in your financial circumstances or investment objectives, and any recommendations H. Beck makes with respect to your account(s). H. Beck is also available on an ongoing basis to discuss any changes that may have occurred in your circumstances or investment objectives.

Pershing will provide you with monthly account statements and access to quarterly reports analyzing the investment performance of your account. You will also receive confirmation of activity in your account. The statements, reports, and confirmations may be delivered in writing or electronically, as you choose.

## **Client Referrals and Other Compensation**

H. Beck may enter into solicitor referral agreements with individuals, professional firms and financial institutions, which may or may not be affiliated or associated with H. Beck. H. Beck may pay these individuals, professional firms, and financial institutions a flat fee, or percentage of the regular fee charged to the client for services rendered by H. Beck. In no



instance will this result in higher fees being charged to clients referred to H. Beck.

In order to help cover or defray the costs of transitioning from another investment adviser to HBI, our IARs receive various forms and amounts of transition assistance. Such transition assistance may include loans, technology services, administrative support, termination fees associated with moving accounts and regulatory services, payments based on production, reimbursement of fees, attendance at conferences and events, and access to preferred pricing. HBI receives compensation from our custodians to offset the cost of transitioning assets.

In addition, Buckingham Strategic Wealth offers HBI IARs with assets on their platform a basic subscription to MoneyGuidePro at no cost to the IAR. Furthermore, IARs can pay \$660 to receive an upgraded version of MoneyGuidePro with Buckingham Strategic Wealth's data integrated into the software. Those IARs who place at least \$10MM on Buckingham Strategic Wealth's platform receive the upgrade at no cost. This creates a conflict of interest because it incentivizes an IAR to place business with Buckingham Strategic Wealth in exchange for software access.

HBI makes loans to IARs which may be forgivable based on years of service with HBI or its affiliates, assets under management, the amount of production with HBI or our affiliates or some combination of these factors. This practice creates a conflict of interest since the IAR has a financial incentive to recommend a client engage HBI for advisory services, engage HBI for brokerage services, and to recommend additional products and services in order for their loan to be forgiven.

### **Voting Client Securities**

We do not, nor do our Advisors, vote proxies for any clients.

### **Financial Information**

As an investment adviser registered with the SEC, H. Beck is required to provide certain financial information or disclosures about H. Beck's financial condition. H. Beck has no financial condition that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.