



# HIGHCLERE

## CAPITAL

### Firm Disclosure Brochure - Form ADV Part 2A

This disclosure brochure (“brochure”) provides information about the qualifications and business practices of Highclere Capital, LLC., a Registered Investment Adviser (RIA), (hereinafter “Highclere”, “HC”, or the “Firm”). If you have any questions about the contents of this brochure, please contact us (516) 805-2024 or by email at: [Info@HighclereCapital.com](mailto:Info@HighclereCapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Highclere Capital LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Highclere Capital LLC’s CRD number is: 285807.

407 Park Avenue South  
22B  
New York, NY 10016  
(516) 805-2024

[Info@HighclereCapital.com](mailto:Info@HighclereCapital.com)  
[www.HighclereCapital.com](http://www.HighclereCapital.com)

Any references to Highclere Capital, LLC as a registered investment adviser or its related persons as registered advisory representatives does not imply a certain level of skill or training.

Version Date: 11 March 2020

## **Item 2: Material Changes**

Highclere Capital, LLC. has the following material changes to report. This item discusses only the material changes that have occurred since Highclere's last update of this brochure. The material changes that have been update in this brochure are listed below:

- **Annual update of ADV Part 2A**
- **Item 4 – Advisory Business – Assets Under Management**
- **Item 5 – Fees and Compensation**

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

Highclere Capital, LLC. (hereinafter “Highclere”, “HCL”, or the “Firm”) is a Limited Liability Company organized in the State of Delaware. The firm was formed in October 2016, and the principal owners are Eric DiAndrea. Aaron Creamer was previously a 50% owner of HCL. As of 13 December 2019, Aaron Creamer ownership stake is 0% and Eric DiAndrea has obtained his 50% ownership bringing Eric DiAndrea’s ownership stake of HCL to 100%.

HCL is a registered investment adviser (RIA) with the SEC. HCL’s advisory clients (“Client(s)”) include, but are not limited to:

1. United Kingdom (“U.K.”) expatriates residing in the United States (“U.S.”). who have pension assets and other assets located overseas
2. U.S. residents with investable assets and are looking for U.S. based investment advice

HCL provides non-discretionary investment advisory services to Clients based upon various factors including, but not limited the individual’s age, income, need for cash flow, investment goals, investment time horizons, liabilities, and tolerance for risk. HCL collects this information during client meetings, interviews, and by the completion of a “fact find” which assesses Client’s personal financial situation. HCL’s Investment Adviser Representatives (“IARs”) analyze Client’s financial situation and formulate a suitability report, which recommends an investment strategy using a combination of investments that are customized for each Client.

Prior to engaging with HCL to provide investment advisory services, each Client is required to enter into one or more written agreements with the HCL setting forth the terms and conditions under which HCL renders such services.

### **B. Types of Advisory Services**

#### ***Investment Advisory Services***

Clients engage the HCL to manage all or a portion of their assets on a non-discretionary basis only. HCL does not act on a discretionary basis for Clients.

HCL offers ongoing investment advisory services based on the individual goals, objectives, time horizon, and risk tolerance of each client. HCL creates a suitability report for each client, which outlines the client’s current financial situation. HCL’s investment advisory services primarily focus on the use of international pension schemes, described below, and the allocation of Client assets among mutual funds, exchange-traded funds (“ETFs”), individual debt and equity securities, Undertakings for Collective Investment in Transferable Securities (“UCITS”), currency, and options, consistent with the investment objectives of each Client.

HCL customizes its investment advisory services to each Client’s specific needs. HCL consults with Clients initially and on an ongoing basis to evaluate Client’s current financial situation, risk tolerance levels, time horizon, recent developments in the Client’s situations and how these might affect Client’s investment goals/strategies. The Client’s financial situation is documented in the suitability report and fact find, which is created based on Client meetings and interviews and is provided to each client prior to signing any engagement. The fact find is reviewed on an annual basis at a minimum.

HCL seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of HCL's economic, investment or other financial interests. To meet its fiduciary obligations, HCL attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, HCL's policy is to seek fair and equitable allocation of investment opportunities and transactions among its clients to avoid favoring one Client over another over time. It is HCL's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its Clients on a fair and equitable basis over time.

### ***International Pensions***

HCL's primary business model focuses on ongoing advice of existing international pension plans or implementing and providing ongoing advice with respect to their U.K. pension plans. HCL also advises Clients on the investments held within the afore mentioned plans.

HCL provides investment advisory services to U.K. expatriates or other nationals generally residing in the U.S. who have U.K. based pension plans. HCL gathers financial information, goals, and objectives from the Client and reviews the Client's pension assets. Upon completion of the review, HCL will provide the Client analysis, explanation, and recommendations about the current pension plan and the suitability and options available to the Client.

Upon Client authorization, HCL will request a statement of benefit from the Client's existing UK pension plan administrator or trustee. If suitable, and in conjunction with a Financial Conduct Authority ("FCA") regulated advisor with the relevant permissions for the transfer of Safe Guarded Benefits and in the Client's best interest, HCL will assist with a transfer of pension assets to an alternative option discussed below.

#### ***1. Qualifying Recognized Overseas Pension Scheme ("QROPS")***

Due to a recent legislative change by the U.K. Government in March 2017 imposing a 25% overseas transfer tax charge of the total value of the pension on certain new QROPS transfers, HCL has determined not to accept or advise any new advisory business from persons residing in the U.S. who seek to transfer their U.K. pension, or any other assets, to a QROPS.

HCL provides investment advisory services to Clients who have existing QROPS arrangements in regard to the ongoing investments held within these plans.

#### ***2. Self-Invested Personal Pension ("SIPP")***

Subject to suitability, HCL's IARs may recommend that Clients transfer their U.K. pension assets to a SIPP, which is a type of U.K. based personal pension plan offered by third party providers.

A SIPP holds investments until the member decides to retire and start to draw a retirement income. It is a type of personal pension and works in a similar way to a standard personal pension. The main difference is that with a SIPP, the member has more flexibility with the investments.

A SIPP, subject to any applicable restrictions and allows Clients to invest in a range of assets. The value of retirement benefits is determined by, among other things, (i) the amount of

contributions made, (ii) the period that each contribution has been invested, and (iii) investment performance over the period.

All QROPS and SIPP accounts are held by registered third-party pension trustees (registered with the relevant financial services regulator where the pension plan is held) and subject to the terms and conditions of a separate agreement between the Client and the third-party pension trustees.

Pension assets are typically held custody by the Client's selected custodian and subject to the terms and conditions of a separate management agreement between the Client's pension trustee and the custodian. Clients are strongly encouraged to review the agreement between the pension trustee and the custodian and other disclosure materials (like Key Features documents) provided by the pension trustee and the custodian for a full understanding of the services provided and any associated costs therein. HCL's IARs are required to provide Client's with these relevant documents prior to Client's signing any investment advisory agreements.

QROPS and SIPP statements are generally sent to Clients on a monthly basis (unless requested more frequently) by HCL. QROPS and SIPP statements are generally sent to the Client on an annual basis directly from the selected pension trustee, the custodian of record, and/or any others similarly involved with the Client's pension plan. Clients are encouraged to review such material carefully for a complete understanding of the services offered and the costs associated with the management of such pension plans. The pension trustees also make account information available online to Clients through the investment platforms utilized in connection with QROPS and SIPP arrangements. Clients are encouraged to review such material carefully for more information about the services offered by the pension trustees, the costs associated with the management of such pension plans, and the activity in their accounts.

HCL does not provide any tax advice including, without limitation, in relation to any U.S. tax reporting requirements and/or other tax implications arising in relation to Clients' pension transfers. Although, from time to time, HCL may inform Clients of tax developments, HCL recommends that Clients seek their own tax advice, including advice on procedures under tax treaties between the U.S. and the U.K. (or other applicable jurisdiction) for the avoidance of double taxation on their respective pension arrangements.

### ***Pension Consulting Services***

HCL offers consulting services to pension or other employee benefit plans (including but not limited to 401(k) plans). Pension consulting may include, but are not limited to:

- Identifying investment objectives and restrictions
- Providing guidance on various assets classes and investment options
- Recommending money managers to manage plan assets in ways designed to achieve objectives
- Monitoring performance of investment options and making recommendations for changes
- Recommending other service providers, such as custodians, administrators and broker-dealers
- Creating a written pension consulting plan

These services are based on the goals, objectives, demographics, time horizon, and/or risk tolerance of the plan and its participants.

### ***Other Services That HCL Offers***

Pension Consulting Services, Portfolio management for businesses (other than small businesses) or institutional *clients* (other than registered investment companies and other pooled investment vehicles), Publication of periodicals or newsletters. All of HCL accounts and services are on a non-discretionary basis.

### **C. Client Tailored Services and Client Imposed Restrictions**

HCL offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels). Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent HCL from properly servicing the client account, or if the restrictions would require HCL to deviate from its standard suite of services, HCL reserves the right to end the relationship.

### **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees.

HCL does not participate in any wrap fee programs.

### **E. Assets Under Management**

HCL has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Number of Clients</b>	<b>Date Calculated:</b>
\$0	\$33,616,033	45	31 December 2019

Assets under management are valued by third-party custodians.

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Investment Advisory Service Fees*

<b>Total Assets Under Management</b>	<b>Annual Fee</b>
Under \$1,000,000	1.00%
\$1,000,000-\$2,500,000	0.75%
\$2,500,000-\$4,000,000	0.65%
\$4,000,000-\$5,000,000	0.50%
Over \$5,000,000	Negotiable

Annual fees are based on the value of the Client's. Assets under management are valued by third-parties, unaffiliated with HCL. HCL's advisory fees are exclusive of, and in addition to, brokerage commissions, transaction fees, and other related costs and expenses that are incurred by Client.

HCL uses the third-party custodian's value of the account as of the last business day of the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based. All investment advisory service fee payments are directly debited from the Client's account by the third-party account custodian and are then paid to HCL by the third-party account custodian.

The final fee schedule is attached as Exhibit II of HCL's Investment Advisory Contract which is provided to the Client by HCL's IARs prior to engaging HCL's services. Clients may terminate their agreement with HCL without penalty for a full refund of HCL's fees within five business days of signing the Investment Advisory Contract. Thereafter, Clients may terminate their agreement with HCL and HCL's Investment Advisory Contract generally with 30 days' written notice. Clients must refer to the third-party custodian's Key Features and disclosure documents regarding any cancellation/termination rights and any fees associated with doing so.

#### *QROPS Investment Advisory Service Fees*

<b>Total Assets Under Management</b>	<b>Annual Fee</b>
Under \$2,500,000 OR Under £2,000,000	0.75%
\$2,500,000 – \$4,000,000 OR £2,000,000 – £3,000,000	0.65%
\$4,000,000-\$5,000,000 OR £3,000,000-£4,000,000	0.50%



Over \$5,000,000 OR Over £4,000,000	Negotiable
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Annual fees are based on the value of the account at date of engaging HCL as the Client's investment advisor on their QROPS account. Assets under management are valued by third-parties, unaffiliated with HCL. HCL's advisory fees are exclusive of, and in addition to, brokerage commissions, transaction fees, and other related costs and expenses that are incurred by Client. HCL uses the value of the account as of the last business day of the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based. All investment advisory service fee payments are directly debited from the Client's account by the third-party account custodian and are then paid to HCL by the third-party account custodian.

The final fee schedule is attached as Exhibit II of HCL's Investment Advisory Contract which is provided to the Client by HCL's IARs prior to engaging HCL's services. Clients may terminate their agreement with HCL without penalty for a full refund of HCL's fees within five business days of signing the Investment Advisory Contract. Thereafter, Clients may terminate their agreement with HCL and HCL's Investment Advisory Contract generally with 30 days' written notice. Clients must refer to the third-party custodian's Key Features and disclosure documents regarding any cancellation/termination rights and any fees associated with doing so.

### ***SIPP Investment Advisory Service Fees***

HCL charges two fees for a transfer of UK pension assets to a Self-Invested Personal Pension (SIPP). HCL charges a flat transfer fee of 1.5% (up to a maximum of £15,000, whichever is lower) based on the total amount of assets transferred to the SIPP from the Client's U.K. pensions. These fees are directly debited from the Client's account upon transfer of the pensions to the SIPP trustees and paid from the SIPP trustee to HCL based on the amount transferred before the funds are sent to the Custodian.

<b>Total Assets Under Management</b>	<b>Annual Fee</b>
Under \$2,500,000 OR Under £2,000,000	1.00%
\$2,500,000 – \$4,000,000 OR £2,000,000 – £3,000,000	0.75%
\$4,000,000-\$5,000,000 OR £3,000,000-£4,000,000	0.50%
Over \$5,000,000 OR Over £4,000,000	Negotiable

Annual fees are based on the value of the account at date of engaging HCL as the Client's investment advisor on their SIPP account. Assets under management are valued by third parties, unaffiliated with HCL. HCL's advisory fees are exclusive of, and in addition to, brokerage commissions, transaction fees, and other related costs and expenses that are incurred by Client. HCL uses the value of the account as of the last business day of the billing period, after considering deposits and withdrawals, for purposes of determining the market

value of the assets upon which the advisory fee is based. All investment advisory service fee payments are directly debited from the Client's account by the third-party account custodian and are then paid to HCL by the third-party account custodian.

The final fee schedule is attached as Exhibit II of HCL's Investment Advisory Contract which is provided to the Client by HCL's IARs prior to engaging HCL's services. Clients may terminate their agreement with HCL without penalty for a full refund of HCL's fees within five business days of signing the Investment Advisory Contract. Thereafter, Clients may terminate their agreement with HCL and HCL's Investment Advisory Contract generally with 30 days' written notice. Clients must refer to the third-party custodian's Key Features and disclosure documents regarding any cancellation/termination rights and any fees associated with doing so.

## **Pension Consulting Services Fees**

### ***Investment Advisory Service Fees***

<b>Total Assets Under Management</b>	<b>Annual Fee</b>
Under \$1,000,000	1.00%
\$1,000,000-\$2,500,000	0.75%
\$2,500,000-\$4,000,000	0.65%
\$4,000,000-\$5,000,000	0.50%
Over \$5,000,000	Negotiable

Annual fees are based on the value of the Client's. Assets under management are valued by third-parties, unaffiliated with HCL. HCL's advisory fees are exclusive of, and in addition to, brokerage commissions, transaction fees, and other related costs and expenses that are incurred by Client. HCL uses the third-party custodian's value of the account as of the last business day of the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based. All investment advisory service fee payments are directly debited from the Client's account by the third-party account custodian and are then paid to HCL by the third-party account custodian.

The final fee schedule is attached as Exhibit II of HCL's Investment Advisory Contract which is provided to the Client by HCL's IARs prior to engaging HCL's services. Clients may terminate their agreement with HCL without penalty for a full refund of HCL's fees within five business days of signing the Investment Advisory Contract. Thereafter, Clients may terminate their agreement with HCL and HCL's Investment Advisory Contract generally with 30 days' written notice. Clients must refer to the third-party custodian's Key Features and disclosure documents regarding any cancellation/termination rights and any fees associated with doing so.

## **B. Client Responsibility for Third Party Fees**

Clients are responsible for the payment of all third-party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and

expenses charged by HCL. Please see Item 12 of this brochure regarding broker-dealer/custodian.

### **C. Outside Compensation for the Sale of Securities to Clients**

Neither HCL nor its supervised persons accept any compensation for the sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds.

### **D. Other Fees & Disclosures**

**Cash Positions** – At any specific point in time, depending upon perceived or anticipated market conditions or events (there being no guarantee that such anticipated market conditions or events will occur), HCL may recommend holding a position in cash for defensive purposes, with Client's consent. All cash positions (money markets, *etc.*) may be included as part of assets under management for purposes of calculating HCL's advisory fee.

**Margin** – To the extent that Client authorizes the use of margin, and margin is thereafter employed by HCL in the management of Client's account, the market value of Client's account and corresponding fee payable by Client to HCL may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, Clients authorizing margin are advised of the conflict of interest whereby Client's decision to employ margin may correspondingly increase the advisory fee payable to HCL. The decision as to whether to employ margin is left to the discretion of Client.

**Additional Disclosures** – As further discussed in response to Item 12 (below), HCL generally recommends that Clients utilize the brokerage and clearing services of an independent broker-dealer for investment advisory accounts.

HCL may only implement its investment advisory recommendations after Client has arranged for and furnished HCL with all information and authorizations regarding accounts with the appropriate financial institutions. Financial institutions include, but are not limited to, any broker-dealers recommended by HCL, broker-dealers directed by Client, trust companies (including overseas third-party pension trustees for QROPS or SIPP accounts), banks, *etc.* (collectively referred to herein as the "Financial Institutions").

Clients may incur certain charges imposed by Financial Institutions and other third parties, custodial fees, and charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (*e.g.*, fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, Clients may incur brokerage commissions and transaction fees. Such charges, fees, and commissions are exclusive of and in addition to HCL's fees.

The Agreement, and any separate agreement with Financial Institutions, may authorize HCL to debit Client's account for the advisory fees payable to HCL, and to remit directly the advisory fees to HCL. Financial Institutions debit the advisory fees from Client accounts on a quarterly basis in arrears for QROPS accounts and on a quarterly basis in arrears for SIPP accounts. HCL understands that Clients have online access to their statements evidencing the debit of the advisory fees.

The Agreement will continue in effect until terminated by either party pursuant to the terms of the

Agreement. Clients may make additions to and withdrawals from their accounts at any time, subject to HCL's right to terminate an account and any applicable restrictions based on the nature of the investments.

Additions to Client accounts may be in cash or securities, provided however, that HCL reserves the right to decline to accept particular securities into Client's account. Clients may withdraw account assets on notice to HCL, subject to the usual and customary securities settlement procedures. HCL, however, designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of Client's investment objectives. HCL may consult with Clients about the options and ramifications of transferring securities. However, Clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (*i.e.*, contingent deferred sales charge), and/or tax ramifications.

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

HCL does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

HCL generally provides advisory services to the following types of clients:

- Individuals
- High-Net-Worth Individuals
- Business Pension Plans

There is no account minimum for any of HCL's services.

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

### **A. Methods of Analysis and Investment Strategies**

#### ***Methods of Analysis***

HCL attempts to identify an appropriate ratio of ETFs, individual debt and equity securities, UCITS, currency, and options suitable for Clients. One risk of asset allocation is that Clients may not participate in sharp increases in a particular security, industry, or market sector. Another risk is that the ratio of equity securities, fixed income securities, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for Client's goals.

HCL from time to time utilizes the Modern Portfolio Theory to determine suitable asset allocations and risk tolerance for Client accounts.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

### ***Investment Strategies***

HCL does not follow a specific investment strategy but rather utilizes strategies driven by and tailored to each Client's need and specific circumstances. HCL's IARs principally employ an analysis of Client's current financial situation and other information provided by Client, as discussed above, to determine an appropriate mix of investments for Client.

Investing in securities involves a risk of loss that you, as a Client, should be prepared to bear.

### **B. Material Risks Involved**

As with any investment, there is no guarantee that your HCL portfolio will achieve its investment objective. You could lose money by investing in our services, and you alone will bear such losses. The value of your investment in an HCL service may be affected by one or more of the following risks, any of which could cause the portfolio's return, the price of the portfolio's shares or the portfolio's yield to fluctuate:

**Market Risk** – The value of your portfolio's assets will fluctuate as the stock, commodity or bond market fluctuates. The value of your investments may decline, sometimes rapidly and unpredictably, simply because of economic changes or other events that affect large portions of the market. In addition, the prices of a portfolio's can be highly volatile. Price movements of assets, including commodities, are influenced by, among other things, interest rates, general economic conditions, the condition of financial markets, developments or trends in any particular industry, the financial condition of the issuers of such assets, changing supply and demand relationships, programs and policies of governments, and national

**Interest Rate Risk** – Changes in interest rates will affect the value of your portfolio's investments in fixed-income securities. When interest rates rise, the value of investments in fixed-income securities tends to fall and this decrease in value may not be offset by higher income from new investments. Interest rate risk is generally greater for fixed-income securities with longer maturities or durations. In certain jurisdictions, investing in cash or assets yielding negative interest rates might be unavoidable without taking significant credit risk.

**Credit and Counterparty Risk** – An issuer or guarantor of a fixed-income security, or the counterparty to a derivatives or other contract, may be unable or unwilling to make timely payments of interest or principal, or to otherwise honor its obligations. The issuer or guarantor may default causing a loss of the full principal amount of a security. The degree of risk for a particular security may be reflected in its credit rating. There is the possibility that the credit rating of a fixed-income security may be downgraded after purchase, which may adversely affect the value of the security. Investments in fixed-income securities with lower ratings tend to have a higher probability that an issuer will default or fail to meet its payment obligations.

**Allocation Risk** – The allocation of investments among different global asset classes may have a significant effect on your portfolio's value, when one of these asset classes is performing more poorly than others. As both the direct investments and derivative positions will be periodically adjusted to reflect our view of market and economic conditions, there will be transaction costs which may be, over time, significant. In addition, there is a risk that certain asset allocation

decisions may not achieve the desired results and, as a result, your portfolio may incur significant losses.

**Foreign (Non-US) Risk** – Your portfolio's investments in securities of non-US issuers may involve more risk than those of US issuers. These securities may fluctuate more widely in price and may be less liquid due to adverse market, economic, political, regulatory, or other factors.

**UCITS** – UCITS are ETFs based in the European Union. There are many types of UCITS investment funds, including, but not limited to: equity funds, money market funds, fund of funds, and asset allocation funds. An investment in UCITS involves risk, including the potential loss of the principal invested.

**Currency Risk** – Fluctuations in currency exchange rates may negatively affect the value of your portfolio's investments or reduce its returns.

**Capitalization Risk** – Investments in small- and mid-capitalization companies may be more volatile than investments in large-cap companies. Investments in small-cap companies may have additional risks because these companies have limited product lines, markets or financial resources.

**Liquidity Risk** – Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing us from selling out of such illiquid securities at an advantageous price or forcing us to sell such illiquid securities at a disadvantageous price. Derivatives and securities involving substantial market and credit risk also tend to involve greater liquidity risk. Liquidity risk can arise from the need to post unusually large amounts of cash collateral to counterparties of derivatives trades, or if sizeable client redemption activity in commingled vehicles that we manage forces the sale of securities to meet unexpected liquidity requirements.

**Exchange Traded Fund (ETF) Risk** – Some of our strategies allow for investments in exchange traded funds ("ETF"). An investment in ETFs involves substantially the same risks as investing directly in the underlying securities. An ETF may not achieve its investment objective or execute its investment strategy effectively, which may adversely affect your portfolio's performance. Your portfolio must pay its pro rata portion of an ETF's fees and expenses. Shares of an ETF may trade at a premium or discount to the net asset value of its portfolio securities.

**Real Estate Related Securities Risk** – Investing in real estate related securities includes, among others, the following risks: possible declines in the value of real estate; risks related to general and local economic conditions, including increases in the rate of inflation; possible lack of availability of mortgage funds; overbuilding; extending vacancies of properties; increases in competition, property taxes and operating expenses; changes in zoning laws; costs resulting from clean-up of, and liability to third parties for damages resulting from environmental problems; casualty or condemnation losses; uninsured damages from floods, earthquakes or other natural disasters; limitations on and variations in rents; and changes in interest rates. Investing in Real Estate Investment Trusts ("REITs") involves certain unique risks in addition to those risks associated with investing in the real estate industry in general. REITs are dependent upon management skills, are not diversified, and are subject to heavy cash flow dependency, default by borrowers and self-liquidation.

**Business Continuity and Cybersecurity Risk** – We have adopted a business continuation strategy to maintain critical functions in the event of a partial or total building outage affecting our offices or a technical problem affecting applications, data centers or networks. The recovery strategies are designed to limit the impact on clients from any business interruption or disaster.

Nevertheless, our ability to conduct business may be curtailed by a disruption in the infrastructure that supports our operations and the regions in which our offices are located. In addition, our asset management activities may be adversely impacted if certain service providers to HCL or our clients fail to perform. In addition, with the increased use of technologies such as the Internet to conduct business, your portfolio could be susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber security failures or breaches by a third-party service provider and the issuers of securities in which the portfolio invests, have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the inability to transact business, and violations of applicable privacy and other laws.

**Modern portfolio theory** – assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

**Legislative Risk** – Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment adviser or securities trading regulation, changes in U.K. government regulation, or changes in the U.S. government's guarantee of ultimate payment of principal and interest on certain government securities. HCL does not engage in financial or tax planning, and in certain circumstances Client may incur taxable income on her investments without a cash distribution to pay the tax due.

**Margin** – HCL may recommend the use of margin, which can amplify Client's exposure to the market, and market loss may be greater in those Client accounts that engage in margin. For QROPS and SIPP accounts, margin is not recommended by HCL's IARs.

**Inflation, Currency, and Interest Rate Risks** – Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of an investor's future interest payments and principal. Inflation also generally leads to higher interest rates, which in turn may cause the value of many types of fixed income investments to decline. In addition, the relative value of the U.S. dollar-denominated assets primarily managed by HCL may be affected by the risk that currency devaluations affect Client's purchasing power.

**Defined Benefit Pension Loss of Guarantees** – It is of paramount importance to fully understand that on transferring your benefits from your current pension provider, the guarantees that you currently enjoy will cease to apply. Your benefits will instead become dependent upon the future investment returns achieved by your personal pension and the investments therein. It should be noted that we have relied upon information supplied by your current pension provider, with respect to your ceding scheme, and the information that you have provided us with to your potential intended transfer to a SIPP. One of the greatest risks is the uncertainty of the final level of benefit that might be obtained at your chosen retirement age once transferred from a Final Salary Scheme to a "Money Purchase" (i.e. you or your adviser invests the money) arrangement given that you are then relying on future investment performance as opposed to guaranteed annual scheme revaluation (increases). Once you have reached retirement, the product you use to secure your retirement income may not necessarily offer the same structure or payment increase options when compared with the Final Salary Scheme.

**General Risk of Loss** – Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither HCL nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither HCL nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Neither HCL nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

HCL does not utilize nor select third-party investment advisers. All assets are managed by HCL management.

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



## **A. Code of Ethics**

HCL has a written Code of Ethics that sets forth the standards of conduct expected of persons associated with HCL (“Associated Persons”) and that requires compliance with applicable securities laws (“Code of Ethics”). HCL’s Code of Ethics covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. HCL’s Code of Ethics is available free upon request to any client or prospective client.

The Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by HCL or the Associated Persons. The Code of Ethics also requires that certain of HCL’s personnel (“Access Persons”) report their personal securities holdings and transactions, and obtain pre-approval of certain investments such as initial public offerings and limited offerings. HCL utilizes Cordium and Smarsh, compliance software applications, to distribute the Code of Ethics and to monitor employees’ emails, social media and personal trading.

## **B. Our Approach to Potential Conflicts of Interest**

Various parts of this brochure discuss potential conflicts of interest that arise from our asset management business model. We disclose these conflicts due to the fiduciary relationship we have with our investment advisory clients.

When acting as a fiduciary, HCL owes its investment advisory clients a duty of loyalty. This includes the duty to address, or at minimum disclose, conflicts of interest that may exist between different clients; between the firm and clients; or between our employees and our Clients. Where potential conflicts arise from our fiduciary activities, we take steps to mitigate, or at least disclose, them. Where our activities do not involve fiduciary obligations—such as the level of client servicing we offer through each client channel—we reserve the right to act in accord with our business judgment.

Conflicts arising from fiduciary activities that we cannot avoid (or choose not to avoid) are mitigated through written policies that we believe protect the interests of our clients as a whole. In these cases—which include issues such as personal trading and client entertainment, discussed above—regulators have generally prescribed detailed rules or principles for investment forms to follow. By complying with these rules, using robust compliance practices, we believe that we handle these conflicts appropriately.

Conflicts of interest regarding the transfer of UK pension assets to a SIPP are addressed in this brochure and in HCL’s UK Pension Recommendation Suitability Report. All UK pension transfers to a SIPP are reviewed by HCL’s Manager (Eric DiAndrea) to ensure suitability of the recommendation. Factors included in reviewing the suitability of a UK pension transfer to a SIPP and mitigating conflicts of interest include, but are not limited to:

- Know your client (KYC) – Client’s financial background, risk tolerance, goals and preferences for the use of the pension.
- Comparison of the workings, potential growth, drawdown scenarios and fees of current UK pension vs the recommended SIPP.

- In conjunction with HCL's suitability report, we also use an independent third-party UK pension Transfer Analysis Report to provide critical yield analysis and cash flow analysis.

### **C. Recommendations Involving Material Financial Interests**

HCL does not recommend that clients buy or sell any security in which a related person to HCL or HCL has a material financial interest.

### **D. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of HCL may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of HCL to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. HCL will always document any transactions that could be construed as conflicts of interest.

Since HCL does not have discretion over client accounts, it will alert clients to its recommendations regarding any recommended securities prior to trading such securities for its or its representatives' personal accounts. Where HCL and/or its representatives seek to buy or sell a security that is also recommended to a client and the client authorizes the recommended transaction for the client's account, HCL will attempt to affect the transaction for the client's account at the same time it effects the transaction for its own (or its representatives') account and will ensure that clients receive at least as favorable a price for the specified transaction as HCL and/or its representatives receive. HCL will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **E. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of HCL may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of HCL to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest.

Since HCL does not have discretion over client accounts, it will alert clients to its recommendations regarding any recommended securities prior to trading such securities for its or its representatives' personal accounts. Where HCL and/or its representatives seek to buy or sell a security for personal accounts at or around the same time it does so for clients and the client authorizes the transaction for the client's account, HCL will attempt to effect the transaction for the client's account at the same time it effects the transaction for its own (or its representatives') account and will ensure that clients receive at least as favorable a price for the specified transaction as HCL and/or its representatives receive. HCL will never engage in trading that operates to the client's disadvantage when trading securities at or around the same time as clients.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

For Client, advisory accounts held custody in the U.S., HCL generally recommends that Clients utilize the brokerage and clearing services of Interactive Brokers as qualified custodians. HCL is independent of and not affiliated with Interactive Brokers.

The factors that HCL considers in recommending Interactive Brokers include the Financial Institution's respective financial strength, reputation, execution, pricing, and research and service.

For QROPS accounts, Clients have previously authorized the QROPS pension trustees to make all portfolio transaction decisions, including investments through the following overseas Life Companies: RL360 Insurance Company Limited, Utmost Wealth Solutions, or STM Life Assurance PCC PLC.

### **Selection of SIPP Custodian/Investment Platform Provider**

For SIPP investments, HCL recommends that Clients utilize the services of the investment platform Stocktrade U.K., RL360 Insurance Company Limited, Utmost Wealth Solutions, or STM Life Assurance PCC PLC. Clients enter agreements with the SIPP administrator (London & Colonial) and the Custodian/Investment Platform Provider that is recommended. London & Colonial opens the account with the Custodian/Investment Platform Provider. HCL does not open the account for the client, although HCL will assist the client in doing so.

Investment fund transactions are executed by the Custodian/Investment Platform Provider selected by the Client in conjunction with recommendations from HCL.

Regarding our Recommended Investment Platform Providers, we seek to negotiate the lowest fees available for our Clients. However, the transaction fees charged by our Recommended Investment Platform Providers may be higher or lower than those charged by others for the same services.

### **Products and Services Available to HCL from the Custodian/Investment Platform Provider**

Our Recommended Investment Platform Providers provide HCL and our Clients with services and benefits that are generally not available to their retail customers.

Among the services provided by our Recommended Investment Platform Providers that may directly benefit clients are: (i) execution and settlement services; (ii) broad range of investment products; (iii) custody of Client assets; and (iv) availability of certain investment products that are not available to retail accounts.

Clients may pay fees that are higher than what another qualified Financial Institution might charge to affect the same transaction where HCL determines that the fees are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but rather, whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. HCL seeks competitive rates but may not necessarily obtain the lowest possible fee rates for Client transactions.

Certain services provided by our Recommended Investment Platform Providers may benefit us but may not directly benefit clients. These services may assist us in managing client accounts. They include, but are not limited to (i) research, pricing services and other market data, (ii) ability

to electronically download client trades, balances and positions and input them into our portfolio record keeping systems, (iii) use of trading software to facilitate trade execution and aggregate orders for multiple client accounts, (iv) ability to pay our management fees directly from client accounts, and (v) provide access to client account data, such as confirmations and statements.

### **Research and Other Soft-Dollar Benefits**

While HCL has no formal soft dollars program in which soft dollars are used to pay for third party services, HCL may receive research, products, or other services from its broker/dealer in connection with client securities transactions (“soft dollar benefits”) consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended, and may consider these benefits in recommending brokers. There can be no assurance that any particular client will benefit from any particular soft dollar research or other benefits. HCL benefits by not having to produce or pay for the research, products or services, and HCL will have an incentive to recommend a broker dealer based on receiving research or services. Clients should be aware that HCL’s acceptance of soft dollar benefits may result in higher commissions charged to the client.

### **Brokerage for Client Referrals**

HCL receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### **Clients Directing Which Broker/Dealer/Custodian to Use**

HCL may permit Clients to direct it to execute transactions through a specified broker-dealer. Clients must refer to their advisory agreements for a complete understanding of how they may be permitted to direct brokerage. If a client directs brokerage, the client will be required to acknowledge in writing that the client’s direction with respect to the use of brokers supersedes any authority granted to HCL to select brokers; this direction may result in higher commissions, which may result in a disparity between free and directed accounts; and trades for the client and other directed accounts may be executed after trades for free accounts, which may result in less favorable prices, particularly for illiquid securities or during volatile market conditions. Not all investment advisers allow their clients to direct brokerage.

### **B. Aggregating (Block) Trading for Multiple Client Accounts**

HCL does not have the ability to aggregate trade purchases across accounts.

## **Item 13: Review of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

HCL typically monitors Client accounts on an as needed basis, but at least quarterly. Clients are encouraged to discuss their needs, goals, and other factors affecting their financial situation with HCL and to keep HCL informed of any changes thereto. HCL typically contacts Clients annually to discuss any such changes. To the extent that HCL may provide Clients with periodic account statements or reports, Client is urged to compare any statement or report provided by HCL with the account statements received from the account custodian or Financial Institution.

## **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

## **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of HCL's advisory services provided on an ongoing basis will receive a monthly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian. HCL will also provide at least quarterly a separate written statement to the client.

Clients will also receive statements from HCL and are urged to compare the account statements they received from custodian with those they received from HCL.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

HCL does not receive any economic benefit, directly or indirectly from any third party for advice rendered to HCL's clients.

### **B. Compensation to Non – Advisory Personnel for Client Referrals**

HCL does not directly or indirectly compensate any person who is not advisory personnel for client referrals

## **Item 15: Custody**

Clients' securities and cash are held in custody accounts with certain Financial Institutions ("Custodians"). The Agreement, and/or a separate agreement(s) with the Custodians, may authorize HCL, through such Custodians, to debit Client's account for the amount of HCL's advisory fee and to remit that advisory fee to HCL in accordance with applicable custody rules. HCL has procedures in place to ensure that it does not have actual custody of Client's assets.

The Custodians have agreed to send an account statement, at least quarterly, to each Client for which it maintains funds or securities, identifying the amount of funds and of each security in the account at the end of the period and setting forth all transactions in the account during that period. However, for Clients with QROPS or SIPP investments, the pension trustee receives all account statements from the custodians holding assets of the QROPS or SIPP and has online access to account information. The trustees have arranged with these custodians for account information to be made available online to Clients.

In addition, as discussed in Item 13, HCL may send periodic account reports to Clients. Clients should promptly and carefully review the statements sent directly by the Financial Institutions and compare them to the periodic account reports sent by HCL.

## **Item 16: Investment Discretion**

HCL does not manage Client accounts on a discretionary basis at any time. Clients are free to accept or decline HCL's investment recommendations.

## **Item 17: Voting Client Securities (Proxy Voting)**

HCL will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

HCL neither requires nor solicits prepayment of more than \$500 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither HCL nor its management has any financial condition that is likely to reasonably impair HCL's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

HCL has not been the subject of a bankruptcy petition in the last ten years.