

**Item 1 - Cover Page**



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**Disclosure Brochure**

This disclosure brochure ("Disclosure Brochure") provides information about the qualifications and business practices of Harrell Investment Partners, LLC ("Harrell Investment Partners"). If you have any questions about the content of this Disclosure Brochure, please contact Harrell Investment Partners at 512-759-8000 or [anna@harrellpartners.com](mailto:anna@harrellpartners.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state authority.

Additional information about Harrell Investment Partners also is available on the SEC's website at [\*\*www.AdviserInfo.sec.gov\*\*](http://www.AdviserInfo.sec.gov).

## **Item 2 - Material Changes**

This Disclosure Brochure is a document which Harrell Investment Partners provides to its clients as required by the SEC's rules. The purpose of Item 2 of the Disclosure Brochure is to provide clients with a summary of new and/or updated information that is contained in this Brochure.

There have been no material changes to this Disclosure Brochure since the last filing and distribution to Clients.

Harrell Investment Partners will provide clients with a new Disclosure Brochure as necessary based on changes, new information, or at a client's request, at any time, without charge.

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## Item 4 - Advisory Business

### General Information

Harrell Investment Partners, a Texas limited liability company, was formed in September 2018.

### Advisory Clients

Harrell Investment Partners provides discretionary and non-discretionary portfolio management as well as financial planning services to individuals, high net worth individuals, trusts, estates, corporations and charitable organizations.

### Portfolio Management

Harrell Investment Partners utilizes a four-step approach to help ensure it fully understands and addresses client needs while providing flexibility to its clients with respect to their investment needs.

- **Discover:** Harrell Investment Partners will first spend time with the client, asking questions, discussing the client's financial situation and investment experience, and broadly identifying major goals of the client.
- **Design:** Harrell Investment Partners will review and analyze the information provided by the client. Based on its reviews, Harrell Investment Partners generally develops with each client:
  - a financial outline for the client based on the client's financial situation and goals, and the client's risk tolerance level (the "Financial Profile"); and
  - the client's investment objectives and guidelines (the "Investment Plan").

The Financial Profile is a reflection of the client's current financial picture and a look to the future goals of the client. The Investment Plan outlines the types of investments Harrell Investment Partners will make or recommend on behalf of the client based on Harrell Investment Partners' own research and analysis in order to meet those goals. The elements of the Financial Profile and the Investment Plan are discussed periodically with each client, but are not necessarily written documents. The Investment Plan will be updated from time to time when requested by the client, or when determined to be necessary or advisable by Harrell Investment Partners based on updates to the client's financial or other circumstances.

- **Implement:** To execute the client's Investment Plan, Harrell Investment Partners will manage the client's investment portfolio on a discretionary or a non-discretionary basis pursuant to an investment advisory agreement with the client. As a discretionary investment adviser, Harrell Investment Partners will have the authority to supervise and direct the portfolio without prior consultation with the client.

Clients who choose a non-discretionary arrangement must be contacted prior to the execution of any trade in the account(s) under management. This may result in a delay in executing recommended trades, which could adversely affect the performance of the portfolio. This delay also normally means the affected account(s) will not be able to participate in block trades, a practice designed to enhance the execution quality, timing and/or cost for all accounts included in the block. In a non-discretionary arrangement, the

client retains the responsibility for the final decision on all actions taken with respect to the portfolio.

- **Manage:** Harrell Investment Partners will monitor the investment performance of client accounts relative to their Financial Profiles on an ongoing basis.

Notwithstanding the foregoing, clients may impose certain written restrictions on Harrell Investment Partners in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Each client should note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolio. Each client should also note that his or her investment portfolio is treated individually by giving consideration to each purchase or sale for the client's account. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with similar clients of Harrell Investment Partners.

Harrell Investment Partners provides portfolio management services through the Investment Advisors Division platform ("IAD") of Raymond James & Associates, Inc. ("Raymond James").

#### *Separate Account Managers*

Harrell Investment Partners may select one or more Separate Account Managers (each, a "Manager") through a wrap program sponsored by Raymond James (the "Raymond James Wrap Program") to act as a sub-adviser for client accounts. Harrell Investment Partners' access to various Managers allows Harrell Investment Partners to offer a wide variety of manager styles, and provides the opportunity to utilize more than one Manager. Factors that Harrell Investment Partners considers in recommending/selecting a Manager for a client account generally include the client's stated investment objective(s), management style, performance, risk level, reputation, financial strength, reporting, pricing, and research.

The Manager(s) generally will be granted discretionary trading authority to provide investment supervisory services for the portfolio. In most cases, Harrell Investment Partners retains the authority to terminate the Manager's relationship or to add new Managers without specific client consent. Harrell Investment Partners will monitor the investment approach and performance of the Manager(s).

#### Financial Planning

Harrell Investment Partners also offers financial planning services to those clients in need of such services in conjunction with portfolio management services or, in certain cases, as a stand-alone service. Harrell Investment Partners' financial planning services may include advice that addresses one or more areas of a client's financial situation, such as estate planning, risk management, budgeting and cash flow controls, retirement planning, education funding, and investment portfolio design and ongoing management. Depending on a client's particular situation, financial planning services may include some or all of the following:

- Gathering factual information concerning the client's personal and financial situation;
- Assisting the client in establishing financial goals and objectives;
- Analyzing the client's present situation and anticipated future activities in light of the client's financial goals and objectives;

- Identifying problems foreseen in the accomplishment of these financial goals and objectives and offering alternative solutions to the problems;
- Making recommendations to help achieve retirement plan goals and objectives;
- Designing an investment portfolio to help meet the goals and objectives of the client;
- Providing estate planning;
- Assessing risk and reviewing basic health, life and disability insurance needs; or
- Reviewing goals and objectives and measuring progress toward these goals.

When a full financial plan is prepared, the client may choose to have Harrell Investment Partners implement the client's financial plan and manage the investment portfolio on an ongoing basis. However, the client is under no obligation to act upon any of the recommendations made by Harrell Investment Partners under a financial planning engagement and/or engage the services of any recommended professional.

#### Principal Owners

Robert K. Harrell, II is the sole principal owner of Harrell Investment Partners.

#### Type and Value of Assets Currently Managed

As of December 31, 2019 Harrell Investment Partners manages \$377,216,607 in Client assets, \$371,292,985 of which are managed on a discretionary basis and \$5,923,622 on a non-discretionary basis.

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

#### *Portfolio Management Fees*

Portfolio management fees are individually negotiated with each client, are based on a percentage of assets under management, and are generally subject to a maximum fee of 1.25%, depending on the level of engagement. The specific advisory fees will be identified in the investment advisory agreement between the client and Harrell Investment Partners. The minimum annual fee for any account is \$10,000. Harrell Investment Partners may, in its discretion, make exceptions to the foregoing or negotiate special fee arrangements where Harrell Investment Partners deems it appropriate under the circumstances.

Portfolio management fees are generally payable quarterly, in advance of each calendar quarter. If management begins after the start of a quarter, fees will be prorated accordingly. Fees are normally debited directly from client account(s), unless other arrangements are made.

Either Harrell Investment Partners or the client may terminate their investment advisory agreement at any time, subject to any written notice requirements in the investment advisory agreement. In the event of termination, any paid but unearned fees will be promptly refunded to the client based on the number of days that the account was managed, and any fees due to Harrell Investment Partners from the client will be invoiced or deducted from the client's account prior to termination.

Fees paid to Harrell Investment Partners are exclusive of all custody and transaction costs paid to the client's custodian, brokers or third party consultants. The Advisor's recommended Custodian does not charge securities transaction fees for ETF and equity trades in a Client's account, provided that the account meets the terms and conditions of the Custodian's brokerage requirements. However, the Custodian typically charges for mutual funds and other types of investments. Please see *Item 12 - Brokerage Practices* for additional information. Fees paid to Harrell Investment Partners are also separate and distinct from the internal fees and expenses charged by mutual funds, exchange-traded

funds ("ETFs") or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials), mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from the custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. The client should review all fees charged by funds, brokers, Harrell Investment Partners and others to fully understand the total amount of fees paid by the client for investment and financial-related services.

#### *Separate Account Manager Fees*

When one or more Managers are utilized in the Raymond James Wrap Program, the Manager(s)' fees will be paid from the management fee charged to the client account by Harrell Investment Partners. However, no additional fees will be charged for brokerage or custody expenses associated with the Manager(s), including transaction expenses resulting from the Managers' trades.

Harrell Investment Partners will have an apparent or actual conflict of interest to select Managers with lower fees than other Managers, because Harrell Investment Partners retains the portion of its fee not paid to Managers. However, Harrell Investment Partners will select Managers in the best interest of its clients. With respect to the Raymond James Wrap Program, Harrell Investment Partners generally pays a fixed portion of its fee to the Managers in the Raymond James Wrap Program and retains the remainder of the Portfolio Management Fee charged, which is subject to a maximum of 1.25%.

#### *Financial Planning Fees*

When Harrell Investment Partners provides financial planning services to clients, these fees may be included in the portfolio management fees or may be in the form of an hourly rate or fixed fee that is negotiated at the time of the engagement and are normally based on the scope of the engagement.

#### Other Compensation

*Insurance Disclosure:* Certain employees of Harrell Investment Partners are also licensed to sell insurance products. In providing financial planning and other related advisory services, these individuals may recommend the purchase of products under circumstances where they would be entitled to receive a commission or other compensation in the transaction. In all such circumstances, however, the client will be notified of this payment in advance of the transaction, and under no circumstances will the client pay both a commission to an employee of Harrell Investment Partners for an insurance product and a management fee to Harrell Investment Partners on the same pool of assets.

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

Harrell Investment Partners does not have any performance-based fee arrangements. "Side by Side Management" refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because Harrell Investment Partners has no performance-based fee accounts, it has no side-by-side management.

### **Item 7 - Types of Clients**

Harrell Investment Partners serves individuals, high net worth individuals, trusts, estates, corporations and charitable organizations.

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

### Methods of Analysis

Harrell Investment Partners reviews each client's Investment Plan and develops a customized investment strategy for each client. The primary vehicles for investment used by Harrell Investment Partners are common stocks, ETFs, fixed income securities, mutual funds, closed-end funds, separately-managed accounts, alternatives, and structured products.

In selecting investments for an individual account in accordance with the client's Investment Plan, Harrell Investment Partners may use any of the following types of analysis:

**Fundamental Analysis** – involves review of the business and financial information about an issuer. Without limitation, the following factors generally will be considered:

- Financial strength ratios;
- Price-to-earnings ratios;
- Dividend yields; and
- Growth rate-to-price earnings ratios.

**Charting Analysis** – involves gathering and processing price and volume information for a particular security and may include, without limitation:

- Mathematical analysis;
- Graphing charts; and
- Estimations of future price movements based on perceived patterns and trends.

**Technical Analysis** – involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.

**Cyclical Analysis** – involves evaluating recurring price patterns and trends.

**Quantitative Analysis** – involves understanding and/or predicting behavior or events in the financial markets through the use of mathematical measurements and calculations, statistical modeling and research and may include, without limitation:

- Money flow analysis;
- Sentiment analysis; and
- Liquidity analysis.

Mutual funds and ETFs are generally evaluated and selected based on a variety of factors, including, as applicable and without limitation, past performance, fee structure, portfolio manager, fund sponsor, overall ratings for safety and returns, and other factors.

Fixed income investments may be used as a strategic investment, as an instrument to fulfill liquidity or income needs in a portfolio, or to add a component of capital preservation. Harrell Investment Partners may evaluate and select individual bonds or bond funds based on a number of factors including, without limitation, rating, yield and duration.

### Investment Strategies

Harrell Investment Partners' strategic approach is to invest each portfolio in accordance with the Investment Plan that has been developed specifically for each client. This means that the following



strategies may be used in varying combinations over time for a given client, depending upon the client's individual circumstances:

*Long Term Purchases* – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

*Short Term Purchases* – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short term price fluctuations.

*Margin Transactions* – a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

*Trading* – generally considered holding a security for less than thirty (30) days.

*Options Trading/Writing* – a securities transaction that involves buying or selling (writing) an option. If you write an option, and the buyer exercises the option, you are obligated to purchase or deliver a specified number of shares at a specified price at the exercise of the option regardless of the market value of the security at expiration of the option. Buying an option gives you the right to purchase or sell a specified number of shares at a specified price until the date of expiration of the option regardless of the market value of the security at expiration of the option.

#### Risk of Loss

While Harrell Investment Partners seeks to diversify clients' investment portfolios across various asset classes consistent with their Investment Plans in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face.

*Management Risks.* While Harrell Investment Partners manages client investment portfolios or selects one or more Managers based on Harrell Investment Partners' experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that Harrell Investment Partners or a Manager allocates assets to asset classes that are adversely affected by unanticipated market movements, and the risk that Harrell Investment Partners' or a Manager's specific investment choices could underperform their relevant indexes.

*Economic Conditions.* Changes in economic conditions, including, for example, interest rates, inflation rates, employment conditions, competition, technological developments, political and diplomatic events and trends, and tax laws may adversely affect the business prospects or perceived prospects of companies. While Harrell Investment Partners or a Manager performs due diligence on the companies in whose securities it invests, economic conditions are not within the control of Harrell Investment Partners or the Manager and no assurances can be given that Harrell Investment Partners or the Manager will anticipate adverse developments.

*Equity Market Risks.* Harrell Investment Partners and any Managers will generally invest portions of client assets directly into equity investments, primarily stocks, or into pooled investment funds that invest in the stock market. As noted above, while pooled investment funds have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (*e.g.*, bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

*Risks of Investments in Mutual Funds, ETFs and Other Investment Pools.* As described above, Harrell Investment Partners and any Managers may invest client portfolios in mutual funds, ETFs and other investment pools ("pooled investment funds"). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940, as amended.

*Fixed Income Risks.* Harrell Investment Partners and any Managers may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

*Risks Related to Alternative Investment Vehicles.* From time to time and as appropriate, Harrell Investment Partners and any Managers may invest a portion of a client's portfolio in alternative vehicles. The value of client portfolios will be based in part on the value of alternative investment vehicles in which they are invested, the success of each of which will depend heavily upon the efforts of their respective managers. When the investment objectives and strategies of a manager are out of favor in the market or a manager makes unsuccessful investment decisions, the alternative investment vehicles managed by the manager may lose money. A client account may lose a substantial percentage of its value if the investment objectives and strategies of many or most of the alternative investment vehicles in which it is invested are out of favor at the same time, or many or most of the managers make unsuccessful investment decisions at the same time.

*Securities Lending Risk.* Harrell Investment Partners and any Managers may lend securities on behalf of client portfolios in order to seek income. Securities lending involves exposure to certain risks, including operational risk (*i.e.*, the risk of losses resulting from problems in the settlement and accounting process), "gap" risk (*i.e.*, the risk of a mismatch between the return on cash collateral reinvestments and the fees paid to pay a borrower), and credit, legal, counterparty and market risk. Further, there is a risk that a borrower may default on its obligations or does not return the securities and the proceeds received from the collateral do not at least equal the value of the loaned security plus the transaction costs incurred in purchasing replacement securities.

*Structured Products Risks.* Harrell Investment Partners and any Managers may invest portions of client assets into structured products, which are potentially high-risk derivatives. For example, a structured product may combine a traditional stock, bond, or commodity with an option or forward contract. Generally, the principal amount, amount payable upon maturity or redemption, or interest rate of a structured product is tied to the price of some commodity, currency or securities index or another interest rate or some other economic factor. The interest rate or the principal amount payable at maturity of a structured product may be increased or decreased, depending on changes in the value of the benchmark. Holders of structured products bear risks of the underlying investments, index or reference obligation and are subject to credit, counterparty, debt, and interest rate risks. Also, certain structured products may be thinly traded or have a limited trading market.

*Foreign Securities Risks.* Harrell Investment Partners and any Managers may invest portions of client assets into pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the United States. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

*Lack of Diversification.* Client accounts may not have a diversified portfolio of investments at any given time, and a substantial loss with respect to any particular investment in an undiversified portfolio will have a substantial negative impact on the aggregate value of the portfolio.

**Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each client should understand and be willing to bear. Clients are reminded to discuss these risks with Harrell Investment Partners.**

#### **Item 9 - Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of Harrell Investment Partners or the integrity of Harrell Investment Partners' management. Harrell Investment Partners and its management have no disciplinary events to report.

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

Certain employees of Harrell Investment Partners are licensed to sell insurance products. As such, these employees are entitled to receive commissions or other remuneration on the sale of insurance and other products. Implementations of insurance recommendations are separate and apart from one's role with Harrell Investment Partners. Commissions generated by insurance sales do not offset regular advisory fees. In order to protect client interests, Harrell Investment Partners' policy is to fully disclose all forms of compensation before any such transaction is executed. Clients are not obligated, contractually or otherwise, to use the services of these insurance agents for insurance products. Please see *Item 5 – Fees and Compensation* for more information.

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

### Code of Ethics and Personal Trading

Harrell Investment Partners has adopted a Code of Ethics ("the Code"), the full text of which is available to you upon request. Harrell Investment Partners' Code has several goals. First, the Code is designed to assist Harrell Investment Partners in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, as amended, Harrell Investment Partners owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires Harrell Investment Partners associated persons to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for Harrell Investment Partners' associated persons (managers, officers and employees). Under the Code's Professional Standards, Harrell Investment Partners expects its associated persons to put the interests of its clients first, ahead of personal interests. In this regard, Harrell Investment Partners associated persons are not to take inappropriate advantage of their positions in relation to Harrell Investment Partners clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time, Harrell Investment Partners' associated persons may invest in the same securities recommended to clients. This may create a conflict of interest because associated persons of Harrell Investment Partners may invest in securities ahead of or to the exclusion of Harrell Investment Partners clients. Under its Code, Harrell Investment Partners has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons, including generally disallowing trading by an associated person in any security within one day before any client account trades or considers trading the same security and the creation of a restricted securities list, reporting and review of personal trading activities and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

### Participation or Interest in Client Transactions

As outlined above, Harrell Investment Partners has adopted procedures to protect client interests when its associated persons invest in the same securities as those selected for or recommended to clients. In the event of any identified potential trading conflicts of interest, Harrell Investment Partners' goal is to place client interests first.

Consistent with the foregoing, Harrell Investment Partners maintains policies regarding participation in initial public offerings ("IPOs") and private placements in order to comply with applicable laws and avoid conflicts with client transactions. If an associated person wishes to participate in an IPO or invest in a private placement, he/she must submit a pre-clearance request and obtain the approval of the Chief Compliance Officer.

If associated persons trade with client accounts (*e.g.*, in a bundled or aggregated trade), and the trade is not filled in its entirety, the associated person's shares will be removed from the block, and the balance of shares will be allocated among client accounts in accordance with Harrell Investment Partners' written policy.

## **Item 12 - Brokerage Practices**

### **Best Execution and Benefits of Brokerage Selection**

Harrell Investment Partners does not have discretionary authority to select the broker-dealer/custodian (herein the “custodian”) that will execute orders in client accounts. The client will engage the custodian to safeguard client assets and authorize Harrell Investment Partners to direct trades to the custodian as upon in the investment advisory agreement. Harrell Investment Partners does not have the discretionary authority to negotiate commissions on behalf of Clients on a trade-by-trade basis.

Where Harrell Investment Partners does not exercise discretion over the selection of the custodian, it may recommend the brokerage firm to clients for custody and execution services. Clients are not obligated to use the custodian recommended by Harrell Investment Partners and will not incur any extra fee or cost associated with using a broker-dealer/custodian not recommended by Harrell Investment Partners. However, Harrell Investment Partners may be limited in the services it can provide if the recommended custodian is not engaged. Harrell Investment Partners may recommend the custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the client, services made available to the client, and its reputation and/or the location of the custodian’s offices.

Harrell Investment Partners will recommend that clients establish brokerage accounts with Raymond James, a FINRA registered broker-dealer, member SIPC, to maintain custody of clients’ assets. Harrell Investment Partners may effect trades for client accounts at Raymond James, or may in some instances, consistent with Harrell Investment Partners’ duty of best execution and specific investment advisory agreement with each client, elect to execute trades elsewhere. Although Harrell Investment Partners may recommend that clients establish accounts at Raymond James, it is ultimately the client’s decision to custody assets with Raymond James. Harrell Investment Partners is independently owned and operated and is not affiliated with Raymond James.

### **Soft Dollars**

Soft dollars are revenue programs offered by broker-dealers/custodians whereby an advisor enters into an agreement to place security trades with a broker-dealer/custodian in exchange for research and other services. Harrell Investment Partners does not participate in soft dollar programs sponsored or offered by any custodian. However, Harrell Investment Partners receives certain economic benefits from Raymond James. Please see Item 14 below.

### **Brokerage Referrals**

Harrell Investment Partners does not receive any compensation from any third party in connection with the recommendation for establishing an account.

### **Directed Brokerage**

All clients are serviced on a “directed brokerage basis”, where Harrell Investment Partners will place trades within the established account[s] at the Custodian designated by the Client. Further, all client accounts are traded within their respective account[s]. Harrell Investment Partners will not engage in any principal transactions (i.e., trade of any security from or to the Advisor’s own account) or cross transactions with other client accounts (i.e., purchase of a security into one client account from another client’s account[s]). Harrell Investment Partners will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the custodian.

### Aggregated Trade Policy

Harrell Investment Partners may enter trades as a block where possible and when advantageous to clients whose accounts have a need to buy or sell shares of the same security. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rata basis between all accounts included in any such block. Block trading allows Harrell Investment Partners to execute equity trades in a timelier, equitable manner, and may reduce overall costs to clients.

Harrell Investment Partners will only aggregate transactions when it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek best price) for its clients, and is consistent with the terms of Harrell Investment Partners' investment advisory agreement with each client for which trades are being aggregated. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all Harrell Investment Partners' transactions in a given security on a given business day, with transaction costs generally shared pro-rata based on each client's participation in the transaction. On occasion, owing to the size of a particular account's pro rata share of an order or other factors, the commission or transaction fee charged could be above or below a breakpoint in a pre-determined commission or fee schedule set by the executing broker, and therefore transaction charges may vary slightly among accounts. Accounts may be excluded from a block due to tax considerations, client direction or other factors making the account's participation ineligible or impractical.

Harrell Investment Partners will prepare, before entering an aggregated order, a written statement ("Allocation Statement") specifying the participating client accounts and how it intends to allocate the order among those clients. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement. If the order is partially filled, it will generally be allocated pro-rata, based on the Allocation Statement, or randomly in certain circumstances. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment over time, and the reason for different allocation is explained in writing and is approved by an appropriate individual/officer of Harrell Investment Partners. Harrell Investment Partners' books and records will separately reflect, for each client account included in a block trade, the securities held by and bought and sold for that account. Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the clients' cash nor their securities will be held collectively any longer than is necessary to settle the transaction on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement, and Harrell Investment Partners will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation.

### **Item 13 - Review of Accounts**

Managed portfolios are reviewed at least quarterly, but may be reviewed more often if requested by the client, upon receipt of information material to the management of the portfolio, or at any time such review is deemed necessary or advisable by Harrell Investment Partners. These factors may include, but are not limited to, the following: change in general client circumstances (*e.g.*, marriage, divorce, retirement); or economic, political or market conditions. One of Harrell Investment Partners' investment adviser representatives or principals is responsible for reviewing all accounts.

Account custodians are responsible for providing monthly or quarterly account statements which

reflect the positions (and current pricing) in each account as well as transactions in each account, including fees paid from an account. Account custodians also provide prompt confirmation of all trading activity, and year-end tax statements, such as 1099 forms. Harrell Investment Partners will provide additional written reports as needed or requested by the client. Clients should carefully compare the statements that they receive from Harrell Investment Partners against the statements that they receive from their account custodian(s).

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

As noted above, Harrell Investment Partners may receive some benefits from Raymond James based on the amount of client assets held at Raymond James. Please see *Item 12 - Brokerage Practices* for more information. However, neither Raymond James nor any other party is paid to refer clients to Harrell Investment Partners.

Harrell Investment Partners does not engage paid solicitors for client referrals.

#### **Item 15 - Custody**

Raymond James is the custodian of nearly all client accounts at Harrell Investment Partners. From time to time however, clients may select an alternate broker to hold accounts in custody. In any case, it is the custodian's responsibility to provide clients with confirmations of trading activity, tax forms and at least quarterly account statements. Clients are advised to review this information carefully, and to notify Harrell Investment Partners of any questions or concerns. Clients are also asked to promptly notify Harrell Investment Partners if the custodian fails to provide statements on each account held.

From time to time and in accordance with Harrell Investment Partners' investment advisory agreement with clients, Harrell Investment Partners will provide additional reports. As mentioned above, the account balances reflected on these reports should be compared to the balances shown on the brokerage statements to ensure accuracy. At times there may be small differences due to the timing of dividend reporting, pending trades or other similar issues.

Harrell Investment Partners may be deemed to have "soft" custody of its client accounts because Harrell Investment Partners' portfolio management fees are normally debited directly from client account(s), unless other arrangements are made. Additionally, if the client gives Harrell Investment Partners authority to move money from one account to another account, Harrell Investment Partners may be deemed to have "soft" custody of those assets. In order to avoid additional regulatory requirements, the custodian and Harrell Investment Partners have adopted safeguards to ensure that the money movements are completed in accordance with the Client's instructions.

#### **Item 16 - Investment Discretion**

As described in *Item 4 - Advisory Business*, Harrell Investment Partners will accept clients on either a discretionary or non-discretionary basis. For *discretionary accounts*, a Limited Power of Attorney ("LPOA") is executed by the client, giving Harrell Investment Partners the authority to carry out various activities in the account, generally including the following: (i) trade execution; (ii) the ability to request checks on behalf of the client; and (iii) the withdrawal of advisory fees directly from the account. Harrell Investment Partners then directs investment of the client's portfolio using its discretionary authority. The client may limit the terms of the LPOA to the extent consistent with the client's investment advisory agreement with Harrell Investment Partners and the

requirements of the client's custodian.

For *non-discretionary* accounts, the client may also execute an LPOA, which allows Harrell Investment Partners to carry out trade recommendations and approved actions in the portfolio. However, in accordance with the investment advisory agreement between Harrell Investment Partners and the client, Harrell Investment Partners does not implement trading recommendations or other actions in the account unless and until the client has approved the recommendation or action. As with discretionary accounts, clients may limit the terms of the LPOA, subject to Harrell Investment Partners' investment advisory agreement with the client and the requirements of the client's custodian.

#### **Item 17 - Voting Client Securities**

As a policy and in accordance with Harrell Investment Partners' investment advisory agreement, Harrell Investment Partners does not vote proxies related to securities held in client accounts. The custodian of the account will normally provide proxy materials directly to the client. Clients may contact Harrell Investment Partners with questions relating to proxy procedures and proposals; however, Harrell Investment Partners generally does not research particular proxy proposals.



**Item 18 - Financial Information**

Harrell Investment Partners does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore has no disclosure with respect to this item.