



## ITEM I - COVER PAGE

First Heartland® Consultants, Inc.  
4101 Lake Saint Louis Blvd.  
Lake Saint Louis, MO 63367  
(636) 625-0900  
[www.firstheartland.com](http://www.firstheartland.com)

Appendix I of Form ADV Part 2A – Wrap Fee Brochure

Dated March 20, 2020

This disclosure brochure provides information about the wrap program of First Heartland® Consultants, Inc. (also referred to as we, us, firm, FHC and First Heartland® Consultants throughout this disclosure brochure) and should be read in conjunction with the First Heartland® Consultants, Inc. Form ADV Part 2A. If you have any questions about the contents of this disclosure brochure, please contact Zeonia Christy at (636) 695-2822. The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about First Heartland® Consultants is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for First Heartland® Consultants, Inc. or our firm's CRD number 110377.

\*Registration as an investment adviser does not imply a certain level of skill or training.

## ITEM 2 - MATERIAL CHANGES

The following is a summary of certain changes made to this Brochure from the time of the annual update of the Brochure dated March 29, 2019.

We will ensure that you receive a summary of any material changes to this and subsequent disclosure Brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time, we will also offer to provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

- Item 4 – SERVICES, FEES, AND COMPENSATION

### CLIENT ASSETS MANAGED BY FIRST HEARTLAND® CONSULTANTS

The amount of clients' assets managed by First Heartland® Consultants, Inc. as of December 31, 2019 totaled approximately \$1,259,767,169 on a discretionary basis and \$16,684,224 on a non-discretionary basis (excludes non-fbo employer-sponsored plan assets).

### ITEM 3 - TABLE OF CONTENTS

Item 1 Cover Page	I
Item 2 Material Changes	2
Item 3 Table of Contents	3
Item 4 Services, Fees and Compensation	4-7
Item 5 Account Requirements and Types of Clients	7
Item 6 Portfolio Manager Selection and Evaluation	7-13
Item 7 Client Information Provided to Portfolio Managers	13
Item 8 Client Contact with Portfolio	13
Item 9 Additional Information	13-20

#### ITEM 4 – SERVICES, FEES AND COMPENSATION

The investment advisory services of First Heartland® Consultants are provided to you through an appropriately licensed individual who is an investment adviser representative of First Heartland® Consultants (referred to as IAR throughout this Brochure). Your IAR is not an employee of First Heartland® Consultants; rather, your IAR is an independent contractor of First Heartland® Consultants. For more information about your IAR, you should refer to the Brochure Supplement for your IAR (also known as the Form ADV Part 2B). The Brochure Supplement is a separate document that is provided by your IAR along with this Brochure before or at the time the client engages the IAR. If the client did not receive a Brochure Supplement for the IAR, the client should contact the IAR or First Heartland® Consultants at 636-625-0900. Your IAR is limited to providing the services and charging investment advisory fees in accordance with the descriptions detailed in this brochure. However, the exact services you receive and the fees you will be charged will be specified in your Advisory Services Agreement.

The amount of client assets managed by First Heartland® Consultants as of December 31, 2019 totaled approximately \$1,259,767,169 on a discretionary basis and \$16,684,224 on a non-discretionary basis (excludes non-fbo employer-sponsored plan assets).

This Brochure provides information about First Heartland® Consultants and the following types of advisory services which are provided via our wrap fee program: personalized asset management services and third party asset management program (TAMP) services. Please understand that a written agreement, which details the exact terms of the services provided, must be signed by you, your IAR, and First Heartland® Consultants before any services can be provided to you.

##### **Third-Party Asset Management Program (TAMP) Services**

First Heartland® Consultants makes available advisory services and programs of third-party investment advisers. TAMP services involve First Heartland® Consultants, through your IAR, providing ongoing investment advice to clients that is tailored to the individual needs of the client. As part of these TAMP services, your IAR obtains the necessary financial data from the client, assists the client in determining the suitability of the program, assists the client in setting an appropriate investment objective and assists the client in opening an account with the TAMP. In addition, depending on the type of program, your IAR may assist the client in selecting a model portfolio of securities designed by the TAMP or select a portfolio management firm to provide discretionary asset management services. It is the TAMP (and not the IAR) that has client authority to purchase and sell securities on a discretionary or non-discretionary basis pursuant to the investment objective chosen by the client. This authorization will be set out in the TAMP client agreement. The Brochure for the particular TAMP will explain whether clients may impose restrictions on investing in certain securities or types of securities. First Heartland® Consultants currently offers advisory services through TAMPs sponsored by AssetMark (formerly, Genworth Financial Wealth Management), Brinker Capital, Miller-Howard Investments, Inc., Lockwood Advisors, Inc., SEI, Wasmer Schroeder & Company, and Valor Capital Management. Please note that Brinker Capital is no longer available to new clients. Clients should refer to the Brochure, client agreement and other account paperwork for each TAMP for more detailed information about the services available under the program.

##### **Personalized Asset Management Services**

First Heartland® Consultants offers personalized asset management services through your chosen IAR, who provides you with continuous and ongoing supervision over your specified accounts. You must specify the accounts for which our firm will serve as your investment adviser (collectively, the "Account"). The Account consists only of separate account(s) held by qualified custodian(s) under your name. (Typically, assets under this program are held by Pershing, LLC as the qualified custodian.) The qualified custodians maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed by your IAR based on your financial situation, investment objective and risk tolerance. Your IAR actively monitors the Account and provides advice and/or utilizes discretion regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account.

Your IAR will need to obtain certain information from you to determine your financial situation and investment objective. You will be responsible for notifying your IAR of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions. However, your IAR will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. Your IAR is always available to consult with you regarding your Account. You have the ability to impose reasonable restrictions on the management of your Account, including the ability to instruct your IAR not to purchase or sell certain securities.

Your agreement with First Heartland® Consultants and your IAR, permits us to purchase and sell certain types of securities using discretionary authority, i.e., without consulting with you in advance. IARs of First Heartland® Consultants can provide discretionary asset management on the following types of investments: mutual funds, exchange traded funds, equities, fixed income securities, UITs, and CDs. Consultants used to offer discretionary asset management services on annuity and variable life sub-account allocations but this service is no longer offered to new clients. Discretionary asset management is still performed for some existing clients with legacy annuity contracts.

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them, or for our personal accounts, that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts will arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm equitably and consistently with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

### **Fees and Compensation**

This section provides details regarding our fees and compensation arrangements. It should be noted that lower fees for comparable services may be available from other sources. The exact fees and other terms will be outlined in the agreement between you, your IAR, and First Heartland® Consultants. The maximum fee for all services provided is 1.75% (175 basis points) of the assets managed in the wrap fee program. Fees are negotiable and typically paid quarterly in advance. However, certain TAMP service providers (Wasmer Schroeder & Company and SEI) are paid quarterly in arrears.

Fees charged for these programs are negotiated between the IAR and the client based on the IAR providing the services. As a result, your IAR may charge more or less for the same services than another IAR of First Heartland® Consultants and your IAR may charge you, specifically, more or less for the same services than another client of the IAR.

Fees charged are based on a percentage of assets under management, billed in advance (or arrears for certain TAMP services) on a quarterly calendar basis and calculated based on the fair market value of your account as of the last business day of the previous billing period. Fees are prorated for your account if it is opened at any time other than the beginning of the billing period. If asset management services are commenced in the middle of the billing period, then the prorated fee for that billing period is based on the value of the account when services commence and is due immediately. Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. We do not charge or accept performance-based fees.

As a wrap fee, the total fee includes fees you will pay related to security transactions as well as fees payable to us, your IAR, and the selected TAMP, if applicable. A client may pay more or less than if the client were to purchase the same or similar services separately. Among the factors impacting the cost of the program are the account size, services provided, and the particular TAMP selected, if applicable.

Other costs that may be assessed to you and that are not part of the total wrap fee include fees for portfolio transactions executed away from Pershing, LLC, dealer mark-ups, electronic fund and wire transfers, spreads paid to market-makers and exchange fees, among others. Any and all brokerage account fees, including custodial fees, IRA maintenance fees, and other types of fees and charges imposed by the broker dealer and/or custodian of your Account apply to each of your Accounts and are not included in the total wrap fee. In addition, the wrap fee does not include other amounts that you may be subject to such as the initial and ongoing expenses paid to third party investments or third party pooled investment vehicles, such as mutual funds or alternative investments. Such expenses are usually set forth in the applicable offering document (prospectus) or the investment contract and are payable or borne by you in addition to any fee outlined above.

IARs who recommend services in this program to you and their other clients will receive compensation as a result of your participation in the program. This compensation may be more than what the IAR would receive if you participated in other programs or services, or paid separately for investment advice, brokerage and other services. Therefore, IARs have a financial incentive to recommend these programs over other services available.

Our agreement with you authorizes the qualified custodian(s) of your Account to deduct the wrap fee from your Account and pay it directly to our firm. You should review your account statements received from the qualified custodian(s) and verify that appropriate fees are being deducted. The qualified custodian(s) will not verify the accuracy of the wrap fees deducted. In lieu of having the wrap fee deducted from your Account, you can instruct us to send an invoice to you and you can pay our firm via a check made payable to First Heartland® Consultants, Inc. Fees for the services of our firm will be due immediately after your receipt of the invoice. All wrap fees are paid to First Heartland® Consultants and you should **NEVER** direct payment to your IAR or your IAR's entity.

Participation in these programs will continue in effect until terminated by either party by providing notice of termination to the other party. Any prepaid, unearned fees will be refunded by First Heartland® Consultants to you. Fee refunds will be determined on a pro rata basis using the number of days for which services were actually provided during the final period.

First Heartland® Consultants believes that its annual wrap fee is reasonable in relation to the services provided and the fees charged by other investment advisers offering similar services/programs. However, our annual wrap fee may be higher or lower than those charged by other investment advisers offering similar services and programs. In addition to our compensation, you will also incur charges imposed at the mutual fund level (e.g., internal fund expenses).

If your assets are invested in mutual fund shares, you will not pay commissions or 12b-1 fees in addition to the wrap fee. If at any time, a commission or 12b-1 fee is imposed, it will be credited back to your Account.

If your assets are invested with insurance companies that issued you annuity and/or a variable life contract, the insurance company will charge you management expenses in addition to the wrap fee charged by First Heartland® Consultants. In addition, your annuity or life insurance contract will be subject to exchange fees and surrender charges. First Heartland® Consultants does not share in these fees charged by your insurance company. Please refer to the prospectus of your annuity and/or variable life contract for more details about the insurance company's management expenses and any exchange or surrender fees. In the event that your IAR sold you the annuity and/or variable life contract in his or her separate capacity as a registered representative of a broker-dealer, your IAR most likely received commission for that transaction. That sales compensation is separate and distinct from and in addition to the wrap fee charged by First Heartland® Consultants.

Your IAR may also be a licensed insurance agent. If licensed as such, your IAR can recommend insurance products, for example, as part of an overall financial plan in addition to your participation in the wrap program. Your IAR will earn a commission on the purchase of the recommended insurance product. The commissions earned on any insurance product or other type of investment product which is not covered under your wrap agreement, are separate, distinct, and in addition to the wrap fee charged.

These situations described above inherently create a conflict of interest, because the additional income to be earned is an incentive to make recommendations that carry with them the additional compensation.

The firm addresses conflicts of interest by informing our clients of the inherent risk, reviewing the trading activity in clients' accounts, the suitability of recommended investments and always basing investment decisions based on the individual needs of our clients.

## ITEM 5 – ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

First Heartland® Consultants' wrap services are available for individuals, individual retirement accounts ("IRAs"), trusts, estates, charitable organizations, state and municipal government entities, corporations, and other business entities.

For personalized asset management wrap services, First Heartland® Consultants requires a minimum asset amount of \$5,000. In certain circumstances, and on a case-by-case basis, First Heartland® Consultants may accept an asset amount less than \$5,000 depending on facts and circumstances. Accounts within the same household may be aggregated to reach this minimum.

For TAMP wrap services, the TAMP sponsor typically establishes a minimum account value, which will be set out in the account opening documents with the TAMP sponsor. However, First Heartland® Consultants will typically not permit a TAMP sponsor's minimum account value to be less than \$5,000.

## ITEM 6 – PORTFOLIO MANAGER SELECTION AND EVALUATION

### **TAMP as Portfolio Manager**

First Heartland® Consultants evaluates TAMPs based on data and information from various third party sources, such as independent databases, and from the particular TAMP. Among the information we collect and analyze is historical performance, investment philosophy, investment style, historical volatility and correlation across asset classes. We examine the Form ADV of the TAMP, any applicable offering document, performance reports and other information to help determine the TAMP's investment strategy. We also attempt to verify information by comparing it to publicly available sources. First Heartland® Consultants may replace TAMPs if they substantially change their investment style, fees, or for other reasons as circumstances dictate.

The IAR is responsible for the selection of any TAMP for a client based upon the client's specific situation, requirements, and suitability. IARs will recommend the replacement of any TAMP consistent with its duties as a fiduciary under applicable law.

Account statements will be forwarded by Pershing, LLC or other qualified custodians to the client on a quarterly basis. If trading activity occurs in the account during a month that is not a quarter-end month, a monthly statement will be sent to you. As with all investments, we do not guarantee positive performance results. We do not review performance information of TAMPs and performance information may not be calculated on a uniform or consistent basis among the various TAMPs. Furthermore, TAMPs may not calculate performance in accordance with any industry or other standards.

The TAMP (not the IAR) has client authority to purchase and sell securities on a discretionary or non-discretionary basis pursuant to the investment objective chosen by the client. This authorization will be set out in

the TAMP client agreement, if applicable. The Brochure for the particular TAMP will explain whether clients may impose restrictions on investing in certain securities or types of securities. First Heartland® Consultants currently offers advisory services provided by the following TAMPs: AssetMark (formerly, Genworth Financial Wealth Management), Brinker Capital, Miller-Howard Investments, Inc., Lockwood Advisors, Inc., SEI, Valor Capital Management and Wasmer Schroeder & Company. Please note that Brinker Capital is no longer available to new clients.

The selected TAMP may use various methods of analysis and have varying investment strategies. Clients should refer to the selected TAMP's Form ADV for information regarding the methodology and investment strategies utilized.

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Furthermore, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal. Because of the inherent risk of loss associated with investing, our Firm is unable to represent, guarantee, or even imply that the services and methods of analysis by any selected TAMP can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

### **IAR as Portfolio Manager**

Your IAR is limited to providing the services and charging fees in accordance with the descriptions detailed in this brochure. However, the exact services you receive and the fees you will be charged will be specified in your Advisory Services Agreement. Please understand that a written agreement, which details the exact terms of the services provided, must be signed by you, your IAR and First Heartland® Consultants before we can provide you the services.

Your chosen IAR will provide you with continuous and ongoing supervision over your specified Account. The Account consists only of separate account(s) held by qualified custodian(s) under your name. Typically, assets under this program are held by Pershing, LLC as the qualified custodian. The qualified custodian maintains physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed by your IAR based on your financial situation, investment objective and risk tolerance. Your IAR actively monitors the Account and provides advice and/or utilizes discretion regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account.

Your IAR will need to obtain certain information from you to determine your financial situation and investment objective. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective, and whether you wish to impose or modify existing investment restrictions. However your IAR will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. Your IAR is always available to consult with you relative to the status of your Account. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct your IAR not to purchase or sell certain securities.

Your agreement with First Heartland® Consultants permits us to purchase and sell certain types of securities on a discretionary basis without consulting with you in advance. Discretionary asset management is permitted on the following types of investments: mutual funds, exchange traded funds, equities, fixed income securities, UITs, and CDs. Consultants used to offer discretionary asset management services on annuity and variable life sub-account allocations but this service is no longer offered to new clients. Discretionary asset management is still performed for some existing clients with legacy annuity contracts.

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them, or for our personal accounts, that is different from the advice we provide to you or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.



Conflicts will arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm equitably and consistently with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

### **Methods of Analysis**

Our investment adviser representatives' methods for security analysis may include:

1. Cyclical analysis;
2. Fundamental analysis;
3. Technical analysis; and/or
4. Model portfolios of mutual funds and exchange traded funds (ETF), variable annuity sub-accounts and other securities based on various information, research, asset allocation methodologies and investment strategies.

Our investment adviser representatives choose their own research materials, methods, investment strategies, investment styles and management philosophy. It is important to note that no methodology or investment strategy is guaranteed to be successful or profitable. Clients should ask their IAR to provide explanation as to methods of analysis utilized.

### **Cyclical Analysis**

This method analyzes the investments sensitive to business cycles and whose performance is strongly tied to the overall economy. For example, cyclical companies tend to make products or provide services that are in lower demand during downturns in the economy and in higher demand during upswings. Examples include the automobile, steel, and housing industries. The stock price of a cyclical company will often rise just before an economic upturn begins, and fall just before a downturn begins. Investors in cyclical stocks try to make the largest gains by buying the stock at the bottom of a business cycle, just before a turnaround begins. While most economists and investors agree that there are cycles in the economy that need to be respected, the duration of such cycles is generally unknown. An investment decision to buy at the bottom of a business cycle may actually turn out to be a trade that occurs before or after the bottom of the cycle. If done before the bottom, then downside price action can result prior to any gains. If done after the bottom, then some upside price action may be missed. Similarly, a sell decision meant to occur at the top of a cycle may result in missed opportunity or unrealized losses.

### **Fundamental Analysis**

Called the "bottom-up" approach to investing, a fundamental analysis seeks an in-depth understanding of a specific firm or company to evaluate its intrinsic value and its future prospects before investing in its stock. This form of analysis studies the firm's management, its debt, equity and cash flow, its history of financial performance/ growth, dividend payout percentages, its products, operating efficiency and marketing structures, among other factors. The firm's balance sheet and income statement are two key sources of information about the firm.

Fundamental Analysis will compare a firm's stock price with its earnings per share and its net earnings to its gross revenues and compare both with the averages for that industry sector. The ratio of current liabilities to current assets is another important element of this form of evaluation. A central focus is deciding whether the stock is over-valued or undervalued.

As a term in large-scale economics, a fundamental analysis studies gross national product, inflation and interest rates, trade and unemployment trends, consumer confidence, savings and spending patterns and inventories in order to predict the larger movements of national and international economies. These

larger concerns greatly influence the elements considered in a fundamental analysis of any given company.

The factors involved in fundamental analysis can require time-consuming study that can fall behind the need to make decisions, if such factors begin to change rapidly. Few of the numbers are absolutes; many are relative to other factors or industry sector information. Most require intelligent judgment and experience to be applied meaningfully to stock values.

Fundamental analysis places value on the financial structure and health of the firm to be invested in. These factors at times are of little or no interest to the market place, such that the stock prices for very sound companies may wither while investors look to other reasons and areas for investing, such as occurred with the "[dot.com](#)" IPOs of the 1990s.

For a relatively short time period, a business can falsify facts to hide poor performance or a fragile financial situation. The independence of balance sheets' and other reports' numerical information from such possible manipulation may not be readily verifiable.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

Lastly, time spent using one analytical method will compete with other analytical methods which might have proven more useful and profitable.

### **Technical Analysis**

Technical Analysis presents, together with fundamental analysis, one of the two major schools of stock market study. This form of value analysis focuses on patterns of volume and price fluctuations for a given stock as compared to the activity of the larger, general market(s) indicators. Securities are evaluated for purchase or sale based on an analysis of market statistics such as volume and prices over time as seen on charts, etc. that are believed to establish relational patterns that can predict future movements in the markets. This relative comparison has little or no concern for any company's fundamental structure, production or worth. Market indicators kept in view include volume and direction of market activity, as indicators of supply and demand for securities, often using one or more established index/ indices, such as the NASDAQ, S&P 500, and the Dow Jones Industrial Average. Trends and Penetrations (e.g. of previous "highs") are another type of indicator used. The patterns discerned, often using charts for a quick grasp of the relationship of various factors, are used to predict future market moves and their effects on stocks in general and/ or on particular sectors of the market.

Technical analysis claims to see patterns believed to be repeatable in similar market conditions. Market conditions may consist of many factors any one of which may alter the outcome of an otherwise very similar situation. No one indicator is absolutely reliable, and a multiple of indicators may just as likely complicate understanding and evaluation as much as or more than it allows deeper insight into the market's mechanics.

The understanding(s) offered clients in explanation tend to use generic Technical Analysis, while the working concepts that are derived from those basics and modified by experience and a firm's emphasis may well be hidden in part or completely as proprietary strategy /strategies that may let one adviser or market participant outperform another. Technical analysis assumes that all the market factors are known to and considered by all the market's participants, although, in fact, the market can act in highly partial and even apparently irrational ways.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security. There are risks involved in using any analysis method.

### **Investment Strategies**

Investment adviser representatives of First Heartland® Consultants may use the following investment strategies when managing client assets and/or providing investment advice:

Long term purchases: Investments held at least a year.

Short term purchases: Investments sold within a year.

Frequent trading: This strategy refers to the practice of selling investments within 30 days of purchase.

Short sales: A short sale is generally the sale of a stock not owned by the investor. Investors who sell short believe the price of the stock will fall. If the price drops, the investor can buy the stock at the lower price and make a profit. If the price of the stock rises and the investor buys it back later at the higher price, the investor will incur a loss. Short sales require a margin account.

Margin transactions: When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest of the purchase price from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from First Heartland® Consultants.

Option writing including covered options, uncovered options or spreading strategies: Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

Tactical asset allocation: Allows for a range of percentages in each asset class (such as Stocks = 40-50%). The ranges establish minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible, since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak.

Strategic asset allocation: Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a "buy and hold" strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client's goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.

We do not primarily recommend one type of security to clients. Instead, we recommend any product that may be suitable for each client relative to that client's specific circumstances and needs. Clients should ask the IAR what types of securities will be used in management. Your IAR is only permitted to use and recommend securities products in their investment strategies that are currently available on the First Heartland® Capital platform. Types of securities products on the First Heartland® Capital platform include but are not limited to mutual funds, exchange-traded funds, annuities, variable life, stocks, bonds, non-traded and publicly traded REITs, UITs and CDs. In addition, your IAR may provide investment advice on client holdings that currently exist in the client portfolio including but not limited to hedge funds, private placements, etc. However, IARs are not permitted to recommend the purchase of any hedge fund, private placement or other alternative investment that is not currently available on the First Heartland® Capital platform.

You should understand that past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities involves risk of loss. Furthermore, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- **Market Risk** – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- **Equity (stock) market risk** – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- **Company Risk**- When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- **Fixed Income Risk**- When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- **Options Risk**- Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- **ETF and Mutual Fund Risk** – When investing in an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs. In addition, certain ETFs employ sophisticated financial strategies, such as leverage, futures, and derivatives, in pursuit of their investment objectives. The use of leverage and inverse strategies (use of futures and other derivatives) by a fund increases the risk to the fund and magnifies gains and losses on the investment. Typically, these products have one-day investment objectives and investors may lose a significant amount of principal rapidly in these securities.
- **Management Risk** – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

- **Margin Risk** - When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you intended to borrow funds in connection with your Account, you will be required to open a margin account, which will be carried by the clearing firm. The securities purchased in such an account are the clearing firm's collateral for its loan to you. If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and as a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account. It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any margin account that may be established as part of the agreement established between you and First Heartland® Consultants and held by the account custodian or clearing firm. These risks include the following:
  - You can lose more funds than you deposit in your margin account.
  - The account custodian or clearing firm can force the sale of securities or other assets in your account.
  - The account custodian or clearing firm can sell your securities or other assets without contacting you.
  - You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call.
  - The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities.
  - The account custodian or clearing firm can increase its "house" maintenance margin requirements at any time and they are not required to provide you advance written notice.
  - You are not entitled to an extension of time on a margin call.

#### ITEM 7 – CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

If you have selected TAMP services, we will forward to your selected TAMP the following information about you as a client:

- Your name and address and other means of contact;
- Your executed Advisory Agreement;
- Customer Profile Form or equivalent

If at any time, your information, risk tolerance, or objectives change, you must notify your IAR as soon as possible and complete updated paperwork, if necessary. Any updates will be forwarded to the applicable TAMP.

#### ITEM 8 – CLIENT CONTACT WITH PORTFOLIO MANAGERS

Clients are encouraged to interact and consult directly with their IARs whether they are acting as the portfolio manager or a TAMP is acting as portfolio manager. However, clients are free to contact and consult directly with the TAMP if the need arises.

#### ITEM 9 – ADDITIONAL INFORMATION

##### **Disciplinary Information**

First Heartland® Consultants has not been subject to any disciplinary actions or orders which are required to be disclosed. For more information, clients should refer to the Investment Adviser Public Disclosure at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Other Financial Industry Activities and Affiliations**

### **Our Affiliated Broker-Dealer – First Heartland® Capital, Inc.**

First Heartland® Consultants is under common ownership with First Heartland® Capital which is a FINRA registered broker-dealer that provides securities services to First Heartland® Consultants clients. Please read the sub-section below, *Registered Representative of Our Affiliated Broker-Dealer*, for details about this arrangement.

#### **Registered Representatives of Our Affiliated Broker-Dealer**

A majority of IARs are also registered representatives of First Heartland® Capital. You may work with your IAR in their separate capacity as a registered representative of First Heartland® Capital. When acting in their separate capacity as a registered representative, your IAR may sell to you, for commissions, general securities products such as stocks, bonds, unit investment trusts, CDs, mutual funds, exchange traded funds, and annuity and variable life products. As such, your IAR may suggest that you implement investment advice by purchasing securities products through a commission based account or the purchase of an insurance product in addition to or in lieu of, a wrap fee account. This receipt of commissions creates an incentive to recommend those products for which your IAR will receive a commission in their separate capacity as a registered representative of a securities broker-dealer. Consequently, the objectivity of the advice rendered to you is biased.

You are under no obligation to use the services of our representatives in this separate capacity or to use First Heartland® Capital, and can select any broker dealer you wish to implement securities transactions. If you select your IAR to implement securities transactions outside of the wrap program, you will direct that an account be opened through our affiliated broker-dealer, First Heartland® Capital. Prior to effecting any such transactions, you are required to enter into a new account agreement with First Heartland® Capital. The commissions and fees charged by First Heartland® Capital may be higher or lower than those charged by other broker dealers.

### **Our Affiliated Insurance Marketing Organization – Elite Partners, LLC**

First Heartland® Consultants is under common ownership with Elite Partners, LLC, which is a life insurance marketing organization and wholesales insurance and annuity products to third-party insurance agents.

### **Our Affiliated Insurance Agency - First Heartland® Corporation**

First Heartland® Consultants is under common ownership with First Heartland® Corporation, a licensed insurance agency. Your IAR may be licensed as a life insurance agent with First Heartland® Corporation or another agency and may sell fixed life insurance, long term care insurance, disability insurance, and fixed annuities to you. In the event that you buy insurance or an annuity through your IAR in their separate capacity as an insurance agent, your IAR will receive separate and distinct compensation for the insurance or annuity sale. Consequently, the advice rendered to you is biased. You are not obligated to utilize your IAR in his or her separate capacity as an insurance agent for insurance or annuity transactions.

#### **Insurance Agent**

Your IAR may be licensed as a life insurance agent. You may work with your IAR in their separate capacity as an insurance agent. When acting in their separate capacity as an insurance agent, your IAR may sell to you, for commissions, general disability insurance, life insurance, annuities, and other insurance products. As such, your IAR, in their separate capacity as an insurance agent, may suggest that you implement recommendations by purchasing disability insurance, life insurance, annuities, or other insurance products. This receipt of commissions creates an incentive for your IAR to recommend those products to you for which he or she will receive a commission in their separate capacity as an insurance agent. Consequently, the advice rendered to you is biased. You are under no obligation to implement any insurance or annuity transaction through your IAR.

Your IAR has an incentive to utilize our affiliated companies to sell you investment and insurance products which carry commissions and as such, creates a conflict of interest. We have policies and procedures in place to mitigate the conflict inherent with affiliated entities.

### **Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

First Heartland® Consultants has established a Code of Ethics that applies to all of its associated persons. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. First Heartland® Consultants has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for our Code of Ethics which also covers our Insider Trading and Personal Securities Transactions Policies and Procedures. First Heartland® Consultants has the responsibility to make sure that the interests of all clients are placed ahead of First Heartland® Consultants' own investment interest. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to any services being conducted. First Heartland® Consultants will conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This section is intended to provide clients with a summary of First Heartland® Consultants' Code of Ethics. Clients may receive a complete copy of the Code of Ethics upon request.

First Heartland® Consultants or associated persons of the firm may buy or sell for their personal accounts investment products identical to those recommended to clients. This creates a conflict of interest. It is the express policy of First Heartland® Consultants that all persons associated in any manner with our firm must place clients' interests ahead of their own when implementing personal investments. First Heartland® Consultants and its associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry. We are now and will continue to be in compliance with applicable state and federal rules and regulations. To prevent conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, associated persons):

- Associated persons cannot prefer their own interests to that of the client.
- Associated persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Associated persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an "insider".
- Associated persons are discouraged from conducting frequent personal trading.
- Associated persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted by the Chief Compliance Officer of First Heartland® Consultants.

Any associated person not observing our policies is subject to sanctions up to and including termination.

Clients should understand that First Heartland® Consultants, First Heartland® Capital, and IARs may perform advisory and/or brokerage services for various other clients, and that First Heartland® Consultants, First Heartland® Capital and the IAR may give advice or take actions for those other clients that differ from the advice given to the client. The timing or nature of any action taken for the Account may also be different.

First Heartland® Consultants and IARs do not:

- Buy/sell securities for First Heartland® Consultants or for themselves from clients or from inventory (principal transactions);
- transact purchases or sales of any client's securities directly to any other person (agency cross transaction);
- recommend securities or other investment products to clients in which First Heartland® Consultants, the IAR or another firm related to First Heartland® Consultants has a proprietary or ownership interest.

### **Brokerage Practices**

Under our wrap program, you will direct that First Heartland® Capital be used as the broker dealer for your Account and typically, that Pershing, LLC will serve as the qualified custodian of your Account. As discussed above, your IAR may also be a registered representative of First Heartland® Capital. Client acknowledges that such direction may result in best execution **not** being obtained and may cost clients more money than if the client used a different broker dealer or custodian.

First Heartland® Consultants believes that it can recommend First Heartland® Capital in view of the broad range of products offered and the level of service provided. Clients should consider that the fees and expenses First Heartland® Capital normally charges may be higher or lower than those available through other broker dealers for essentially the same services. Please note that in such an arrangement there is a conflict of interest.

Best execution does not necessarily mean that clients receive the lowest possible costs but that the qualitative execution is best. In other words, all conditions considered, the transaction execution is in your best interest. When considering best execution, we look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with our existing systems, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back office services, technology and pricing of services offered.

In connection with TAMP programs, the TAMP sponsor may require that clients direct brokerage to another broker dealer, including the TAMP sponsor or a broker dealer affiliated with the TAMP sponsor. For more information about the brokerage practices of a TAMP sponsor, clients should refer to the Disclosure Brochure for the applicable TAMP.

### **Investment Discretion**

When providing asset management services, First Heartland® Consultants and your IAR maintain trading authorization over your Account and provide services on a discretionary basis. When discretionary authority is granted, we have the authority to determine the type of securities and the amount of securities that can be bought or sold for your portfolio without obtaining your consent for each transaction. However, having discretionary authority does not restrict your IAR from consulting with you prior to making significant changes in the Account even though they are not required to do so.

You will have the ability to place reasonable restrictions on the types of investments that may be purchased in your Account. You may also place reasonable limitations on the discretionary power granted to First Heartland® Consultants and your IAR so long as the limitations are specifically set forth or included as an



attachment to the client agreement. Reasonable limitations on discretionary authority include specifically prohibiting discretionary authority with respect to one (1) or more accounts under management. However, discretionary authority cannot be limited to specific positions or securities.

With respect to TAMP services, you will authorize the third-party investment adviser to purchase and sell securities on a discretionary basis. This authorization will be set out in the TAMP client agreement. With the exception of SEI, neither First Heartland Consultants nor your IAR will have discretionary authority to purchase and sell securities with respect to TAMP services, however, First Heartland Consultants and your IAR may have discretionary authority to change allocations within the TAMP platform. Any such authorization will be set out in the TAMP client agreement. With respect to SEI, your IAR has discretionary authority to sell securities but not to buy securities.

### **Custody**

Custody, as it applies to investment advisers, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

First Heartland® Consultants is deemed to have custody of client funds and securities whenever First Heartland® Consultants is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody First Heartland® Consultants permits. It should be noted that authorization to trade in client accounts with discretion is not deemed by regulators to be custody.

For accounts in which First Heartland® Consultants is deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly.

Clients should carefully review those statements and are urged to compare the statements against reports received from First Heartland® Consultants and/or their IAR. When clients have questions about their account statements, they should contact First Heartland® Consultants, First Heartland® Capital, or the qualified custodian preparing the statement.

However, due to the importance of custody issues and the importance of protecting client assets, First Heartland® Consultants will undergo an annual surprise exam by an independent accountant to verify client assets in accordance with the custody rule.

### **Soft Dollar Benefits**

An investment adviser receives soft dollar benefits from a broker dealer when the investment adviser receives research or other products and services in exchange for client securities transactions or maintaining an account balance with the broker dealer. First Heartland® Consultants does not have a soft dollar agreement with a broker dealer or third party.

### **Handling Trade Errors**

First Heartland® Consultants has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of First Heartland® Consultants to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client is responsible for any loss resulting from the correction. In all situations where the client does not cause the trade error, the client is made whole and any loss resulting from the trade error is absorbed by First Heartland® Consultants' affiliated broker dealer, First

Heartland® Capital. First Heartland® Capital will retain any trade error gains. First Heartland® Consultants will never benefit or profit from trade errors.

### **Block Trading Policy**

Your IAR may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and may be used by your IAR. If and when your IAR aggregates client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to allocate orders among clients on a more equitable basis in order to avoid differences in prices that might be obtained when orders are placed independently.

The block trading platform utilizes the average price allocation method for transaction allocation. Under this platform the average price for each transaction included in a block order is calculated and then the average price is assigned to each allocated transaction executed for the client's account.

If and when your IAR determines to aggregate client orders for the purchase or sale of securities, including securities in which First Heartland® Consultants or our associated persons may invest, we will do so in accordance with the parameters set forth in the SEC No-Action Letter, SMC Capital, Inc. Neither we nor our associated persons receive any additional compensation as a result of block trades.

Your IAR may determine not to aggregate transactions, for example, based on the size of the trades, the number of client accounts, the timing of the trades, and the liquidity of the securities. If your IAR does not aggregate orders, you may receive a less favorable price than other clients. This means that the practice of not aggregating may cost you more money.

### **Agency Cross Transactions**

IARs are prohibited from engaging in agency cross transactions, meaning they cannot act as brokers for both the sale and purchase of a single security between two different clients and cannot receive compensation in the form of an agency cross commission or principal mark-up for the trades.

### **Principal Trades**

A principal trade is a type of order carried out by a broker dealer that involves the broker dealer buying or selling from its own account and at its own risk, as opposed to carrying out trades through another broker dealer. First Heartland® Capital is not a clearing broker dealer, does not maintain an inventory in any securities, and therefore, does not conduct traditional principal trades; however, when certain client orders for First Heartland® Consultants' wrap accounts are received, First Heartland® Capital may execute the order through its proprietary account on a "riskless" principal basis. However, it is the policy of First Heartland® Capital and First Heartland® Consultants that no additional compensation will be charged to a client account due to the implementation of riskless principal transactions. See, SEC No-Action Letter Merrill Lynch Trust Co. FSB (July 6, 2000).

### **Reviews of Accounts**

Accounts managed under the wrap program are reviewed on an ongoing basis by your IAR. Your IAR will review your account on at least an annual basis. While the calendar is the main triggering factor, reviews can also be conducted at your request. Account reviews will include an investment strategy and objective review to determine whether any changes are necessary.

For our asset management services, you are provided with transaction confirmation notices and regular quarterly accounts statements directly from the qualified custodian. In addition, your IAR may also provide you with performance reports or other types of reports detailing your holdings, positions, etc. at your IAR's discretion. Whether performance or other reports by TAMP sponsors are provided to you will depend upon the particular TAMP sponsor.

You are encouraged to always compare any reports or statements provided by us, your IAR, or a TAMP against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact your qualified custodian.

#### **Client Referrals and Other Compensation**

First Heartland® Consultants, First Heartland® Capital and your IAR will receive expense reimbursements for travel and marketing expenses from distributors of investment and insurance products. Travel expense reimbursements are typically a result of attendance at due diligence or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as client appreciation events, advertising, publishing, and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for which sales have been made or for which it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interest of our clients. For all conflicts listed above, we attempt to control for these conflicts by always basing investment decisions on the individual needs of our clients.

First Heartland® Consultants, First Heartland® Capital, and your IAR will also receive additional compensation from product sponsors. Compensation can include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings with the IAR, client workshops or events, marketing events or advertising initiatives. Product sponsors also pay for, or reimburse First Heartland® Consultants and First Heartland® Capital for the costs associated with education or training events that may be attended by First Heartland® Consultants' employees and IARs and for First Heartland® Consultants and First Heartland® Capital sponsored conferences and events.

In addition, your IAR will receive compensation in the form of incentive awards and trips based upon overall production from First Heartland® Consultants, First Heartland® Corporation, and First Heartland® Capital. The receipt of, or the potential to receive, these awards and trips, will affect an IAR's judgment in selecting products sold to clients, thereby creating a conflict of interest. This conflict is controlled by always basing investment decisions on the individual needs of our clients.

The IAR recommending a TAMP program to the client receives compensation as a result of the client's participation in the program. This compensation includes a portion of the wrap fee and may also include other compensation as noted above. The amount of this compensation may be more or less than what the IAR would receive if the client participated in a different First Heartland® Consultants program, programs of other investment advisers or paid separately for investment advice, brokerage and other client services. Therefore, your IAR has a financial incentive to recommend a TAMP program account over other programs and services. This conflict is controlled by always basing investment decisions on the individual needs of our clients.

In the case of personalized asset management services, the IAR recommending such services receives compensation from First Heartland® Consultants. This compensation includes a portion of the wrap fee and may also include other compensation as noted above. The amount of this compensation may be more or less than what the IAR would receive if the client participated in a different First Heartland® Consultants program, programs of other investment advisers or paid separately for investment advice, brokerage and other client services. Therefore, your IAR has a financial incentive to recommend personalized advisory services over other programs and services. This conflict is controlled by always basing investment decisions on the individual needs of our clients.

### **Proxies/Class Actions**

First Heartland® Consultants and IARs do not vote proxies on behalf of Clients. Therefore, it is your responsibility to vote all proxies for securities held in your Account.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy voting documents and make a determination based on the information provided. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact your IAR. However, you will have the ultimate responsibility for making all proxy voting decisions.

With respect TAMP services, we will not vote the proxies associated with these assets. You will need to refer to each TAMP's disclosure brochure to determine whether the TAMP will vote proxies on your behalf. You may request a complete copy of the TAMP's proxy voting policies and procedures as well as information on how your proxies were voted by contacting the TAMP or by contacting First Heartland® Consultants at the address or phone number indicated on Page I of this disclosure document.

You retain the right under applicable securities laws to initiate individually a lawsuit or join a class action lawsuit against the issuer of a security that was held, purchased or sold by or for you. First Heartland® Consultants and your IAR will not initiate such a legal proceeding on behalf of clients and do not provide legal advice to clients regarding potential causes of action against such a security issuer and whether or not the client should join a class action lawsuit. We recommend that you seek legal counsel prior to making a decision regarding whether to participate in such a class action lawsuit. Moreover, our services do not include monitoring or informing you of any potential or actual class action lawsuits against the issuers of the securities that were held, purchased or sold by or for you.

### **Financial Information**

First Heartland® Consultants does not require any client to prepay an advisory fee of \$1,200 or more, 6 or more months in advance for advisory services.

First Heartland® Consultants is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over client accounts.

First Heartland® Consultants has not been the subject of a bankruptcy petition.