



## ITEM I - COVER PAGE

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## FORM ADV PART 2A DISCLOSURE BROCHURE

Dated March 20, 2020

This disclosure brochure provides information about the qualifications and business practices of First Heartland® Consultants, Inc. (also referred to as we, us, firm, FHC and First Heartland® Consultants throughout this disclosure brochure). 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 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 – ADVISORY BUSINESS

### 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 \$212,742,275 on a non-discretionary basis.

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## ITEM 4 - ADVISORY BUSINESS

### INTRODUCTION

First Heartland® Consultants is an investment adviser registered with the United States Securities and Exchange Commission ("SEC") pursuant to the Investment Advisers Act of 1940. First Heartland® Consultants has provided advisory services as a registered investment adviser since 1993. David M. Hoff is the President of First Heartland® Consultants and owns 100% of First Heartland® Consultants.

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 investment adviser representative. 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 agreement.

### CLIENT ASSETS MANAGED BY FIRST HEARTLAND® CONSULTANTS

The amount of clients' assets managed by First Heartland® Consultants as of December 31, 2019 totaled approximately \$1,259,767,169 on a discretionary basis and \$212,742,275 on a non-discretionary basis.

### TYPES OF ADVISORY SERVICES

This Brochure provides information about First Heartland® Consultants, its financial planning and consulting services, and legacy services which are no longer available to clients. First Heartland® Consultants provides information in separate disclosure brochures for its services offered to employer-sponsored retirement plans and its wrap fee program. If clients would like more information on such programs, a client should contact his or her IAR for a copy of the program brochure that describes such programs or contact First Heartland® Consultants at 636-625-0900. Please understand that a written agreement, which details the exact terms of the service, must be signed by you, your IAR, and First Heartland® Consultants before any services can be provided to you.

#### ***Financial Planning and Consulting Services***

First Heartland® Consultants offers financial planning and consulting services through its IARs which may involve preparing a written financial plan covering specific or multiple topics tailored to your individual needs. Services may include specific investment recommendations and/or written financial plans, which typically address the following topics: cash management, asset ownership arrangements, investment planning, retirement planning, insurance planning, tax planning, business planning, education planning, portfolio review, asset allocation, and real estate planning. When providing financial planning and consulting services, the role of your IAR is to find ways to help you understand your overall financial situation and help you set financial objectives. Financial planning and consulting services take into account information collected from you such as net worth, employment status, and investment objectives, in addition to other data. You should be aware that there are important issues that may not be taken into consideration when your IAR develops his or her analysis and recommendations. It will be incumbent upon you to identify those particular issues for which you are seeking our advice or guidance and the advice provided may differ from advice provided by other IARs. Financial planning and consulting services do not involve implementing any transaction on your behalf or the active and ongoing monitoring or management of your investments or accounts. You have the sole responsibility for determining whether to implement any financial planning and consulting recommendations.

To the extent that you would like to implement any of your IAR's investment recommendations you have several options: (1) to open a commission based account through our affiliated broker dealer, First Heartland® Capital, Inc. with your IAR acting in their separate capacity as a registered representative of the broker dealer and earning commissions from the purchase and sale of securities products; (2) to purchase annuity or life insurance products

with your IAR acting in their separate capacity as an insurance agent and/or registered representative and earning commissions; (3) to retain your IAR to actively monitor and manage your investments via the wrap fee program in which you must execute a separate written agreement with First Heartland® Consultants for services and your IAR will earn a portion of the wrap fee; (4) to obtain services from another broker dealer or investment advisor to implement the recommendations made to you; (5) to not take action on any of the recommendations made to you; or (6) a combination of any of the above. Details on the First Heartland® Consultants wrap program are available in a separate disclosure brochure and available upon request.

#### **Wrap Programs**

First Heartland® Consultants provides Personalized Asset Management Services and Third Party Asset Management Program Services (“TAMP”) through a wrap program. Information on this program is available in a separate brochure available upon request.

First Heartland® Consultants also makes available non-discretionary advisory services to employer-sponsored retirement plans including but not limited to 401(k) and ERISA 403(b) plans. Information on this program is available in a separate brochure available upon request.

#### **Legacy Programs No Longer Offered**

##### **Solicitor Services for Third-Party Investment Advisers**

Previously First Heartland® Consultants, through its IARs, served as a solicitor and referred clients to third-party investment advisers offering asset management and other investment advisory services. The third-party managers are responsible for continuously monitoring client accounts and making trades in client accounts when necessary. As a result of the referral, we are paid a portion of the fee charged and collected by the third-party investment advisers in the form of solicitor fees. Each solicitation arrangement is performed pursuant to a written solicitation agreement and is in compliance with SEC Rule 206(4)-3 and applicable state securities rules and regulations. We are available to answer questions that you may have regarding your account and act as the communication conduit between you and the third-party investment adviser. The third-party investment adviser may take discretionary authority to determine the securities to be purchased and sold for your account. We do not have any trading authority with respect to your designated account managed by the third-party investment adviser. **Please note that this program is no longer available for new accounts or clients.**

##### **SEI Private Trust Company**

Previously First Heartland® Consultants, through its IARs, utilized SEI Private Trust Company as a qualified custodian to open both discretionary and non-discretionary brokerage accounts to provide asset management services for a fee to clients. Under this program, IARs provide asset management services after identifying your risk tolerance and investment objectives for a stated advisory fee. Any advisory fees charged under this program do not include, and are in addition to, any fees and charges imposed by mutual fund companies (including 12b-1 fees) and any SEI custodial and brokerage fees. We are available to answer questions that you may have regarding your account. **Please note that this program is no longer available for new accounts or clients.**

#### **ITEM 5 - FEES AND COMPENSATION**

In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding our firm’s services along with descriptions of each service’s fees and compensation arrangements. It should be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the agreement between you and First Heartland® Consultants.

As a result, your IAR may charge more or less for the same service 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.

For these services, the fee is negotiated between you and your IAR and the amount of the fee is specified in the client agreement. The IAR is responsible for determining the fee to charge each client based upon factors such as total amount of assets involved in the relationship, the complexity of the planning services, and the number and range of other advisory and client-related services to be provided. Clients should consider the level and complexity of the planning services to be provided when negotiating the fee with the IAR. All fees are paid to First Heartland® Consultants and you should **NEVER** direct payment to your IAR or your IAR's entity.

### **FINANCIAL PLANNING & CONSULTING SERVICES**

Fees charged for our financial planning and consulting services are negotiable based upon the type of client, the services requested, the IAR providing advice, the complexity of the client's situation, the composition of the client's account, other advisory services provided, and the relationship of the client and the IAR.

First Heartland® Consultants provides financial planning and consulting services under a hourly fee or a fixed fee arrangement.

Under a hourly fee arrangement, IARs are permitted to charge up to a maximum hourly fee of \$250 for financial planning and consulting services. The specific hourly rate is negotiable and will be specified in your agreement with First Heartland® Consultants and your IAR.

Under a fixed fee arrangement, a mutually agreed upon fixed fee is charged for financial planning and consulting services. There is no minimum or maximum fixed fee. The amount of the fixed fee is negotiable and will be specified in your agreement with First Heartland® Consultants and your IAR.

For fixed fees, you may elect to pay the fee upon execution of your agreement, upon delivery of a written financial plan, if applicable, or upon receipt of an invoice detailing the services provided; however, at no time will First Heartland® Consultants require payment of more than \$1,200 in fees more than six months in advance. If applicable, the written financial plan will be delivered within 6 months or work will be earned within 6 months assuming client promptly provides all requested materials. For hourly fees, you will be expected to remit payment upon receipt of an invoice detailing the services provided.

You may pay the fees owed for financial planning and consulting services by submitting a check made payable to First Heartland® Consultants or by having the fee deducted from an existing non-qualified investment account held at Pershing, LLC. If you elect to pay by automatic deduction from an existing non-qualified investment account, you will provide written authorization to First Heartland® Consultants to deduct such fees. You should notify First Heartland® Consultants within ten (10) days of receipt of an invoice if you have questions about or dispute any billing entry. You should **NEVER** direct payment to your IAR or an entity controlled by your IAR.

To the extent that you would like to implement any of your IAR's investment recommendations you have several options: (1) to open a commission based account through our affiliated broker dealer, First Heartland® Capital with your IAR acting in their separate capacity as a registered representative of the broker dealer and earning commissions from the purchase and sale of securities products; (2) to purchase annuity or life insurance products with your IAR acting in their separate capacity as an insurance agent and/or registered representative and earning commissions; (3) to retain your IAR to actively monitor and manage your investments via the wrap program in which you must execute a separate written agreement with First Heartland® Consultants for services and your IAR will earn a portion of the wrap fee; (4) to obtain services from another broker dealer or investment advisor to implement the recommendations made to you; (5) to not take action on any of the recommendations made to you; or (6) a combination of any of the above. Details on the First Heartland® Consultants wrap program are available in a separate disclosure brochure and available upon request.

If you retain your IAR to implement the recommendations provided under this service utilizing a commission-based account, you will direct that the 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. Your IAR, in their separate capacity as a registered representative of First Heartland® Capital, may only recommend securities products available on the First Heartland® Capital platform, including but

not limited to load or no-load mutual funds that charge you 12(b)-1 fees. The receipt of 12(b)-1 fees represents an incentive for your IAR to recommend mutual funds with 12(b)-1 fees or higher 12(b)-1 fees over mutual funds with no 12(b)-1 fees or lower 12(b)-1 fees, and therefore creates a conflict of interest. Please note that the recommendation of securities products by your IAR in a commission-based account is carried out in their separate capacity as a registered representative of the broker dealer and NOT as an IAR. All fees paid to First Heartland® Consultants for financial planning and consulting services are separate and distinct from the fees, expenses, and commissions charged by mutual funds, the broker dealer and the custodian of your assets. It should be noted that lower fees for comparable services may be available from other sources.

All fees paid to First Heartland® Consultants for financial planning and consulting services are separate and distinct from the commissions, fees and expenses charged by insurance companies associated with any disability insurance, life insurance and annuities subsequently acquired by you. Your IAR will receive commissions on the sale of any annuity or life insurance product. If you sell or liquidate certain existing securities positions to acquire any insurance or annuity, you will also pay a commission and/or a deferred sales charge in addition to the financial planning and consulting fees paid to First Heartland® Consultants and any fees and expenses charged by the insurance company.

If you choose to implement recommendations made by your IAR by entering into a wrap agreement for personalized management services or TAMP services, your IAR will not receive any 12b-1 fees or commissions on the purchase and/or sale of mutual funds or securities products held in the account(s) under the wrap agreement.

You are under no obligation to use the services of your IAR in any capacity to implement the recommendations made during the financial planning and consulting process. You may select any investment advisor, insurance agent, broker dealer, or other qualified custodian you wish to implement recommendations made by your IAR in the financial planning and consulting process. Brokerage fees, expenses, custodial fees, and commissions may be higher or lower than those available through other sources.

## LEGACY SERVICES

### Solicitor Services for Third-Party Investment Advisers

Third-party investment advisers generally have account minimum requirements that will vary among third-party investment advisers. Account minimums are generally higher on fixed income accounts than for equity based accounts. A complete description of the third-party investment adviser's services, fee schedules and account minimums will be disclosed in the third-party investment adviser's disclosure brochure which will be provided to you prior to or at the time an agreement for services is executed and the account is established.

The actual fee charged to you will vary depending on the third-party investment adviser. All fees are calculated and collected by the third-party investment adviser who will then be responsible for delivering our portion of the fee paid by you to us. Under this program, you will incur additional charges including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges.

We have a conflict of interest by only offering those third-party investment advisers that have agreed to pay a portion of their advisory fee to us and have met the conditions of our due diligence review. We will receive a portion of the management or advisory fee paid to the third-party investment adviser. There may be other third-party investment advisers that may be suitable for you that may be more or less costly. No guarantees can be made that your financial goals or objectives will be achieved. Further, no guarantees of performance can be offered.

**This program is no longer available.**

### SEI Private Trust Company

SEI Private Trust Company generally has no account minimum, however, First Heartland® Consultants currently has an account minimum of \$5,000 (in prior years, the account minimums were substantially higher).

The actual fee charged to you will vary depending on the IAR performing the services. The maximum fee permitted to be charged under this program is 1.75% (175 basis points) of assets under management. All fees are calculated and collected by SEI who will then be responsible for delivering our portion of the fee paid by you to us. Under this program, you will incur additional charges including but not limited to, mutual fund sales loads, 12b-1 fees, surrender charges, brokerage transaction costs, and custodial fees.

There may be other custodial and brokerage relationships that may be suitable for you that may be more or less costly. No guarantees can be made that your financial goals or objectives will be achieved. Further, no guarantees of performance can be offered. **This program is no longer available.**

#### ITEM 6 - PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

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. Item 6 is not applicable to this Disclosure Brochure and First Heartland® Consultants does not accept performance-based fees.

#### ITEM 7 - TYPES OF CLIENTS

First Heartland® Consultants' financial planning and consulting services are available for individuals, individual retirement accounts ("IRAs"), pension and profit sharing plans, trusts, estates, charitable organizations, state and municipal government entities, corporations, and other business entities.

#### **MINIMUM INVESTMENT AMOUNTS REQUIRED**

First Heartland® Consultants does not require a minimum asset amount for financial planning and consulting services.

#### ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

##### **METHODS OF ANALYSIS**

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

1. Cyclical analysis;
2. Fundamental analysis; and/or
3. Technical analysis

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](http://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 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.

#### PRIMARILY RECOMMEND ONE TYPE OF SECURITY

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.

#### TYPES OF SECURITIES AND RISK OF LOSS

IARs are permitted to recommend any securities products in the financial planning and consulting process that are currently available on the First Heartland® Capital platform. In addition, if they are also licensed insurance agents, they may also recommend various types of insurance products. Types of securities products on the First Heartland® Capital platform include but are not limited to mutual funds, exchange traded funds, annuities, variable life insurance, unit investment trusts, stocks, bonds, non-traded and publicly traded REITs, and CDs. In addition, IARs may provide investment advice on client holdings that currently exist in the client’s 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, investment strategy, or financial plan 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 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 9 - 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).

#### ITEM 10 - 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, Inc. which is a FINRA registered broker dealer and provides securities services to certain 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, our affiliated securities broker dealer. 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, mutual funds, unit investment trusts, CDs, exchange-traded funds, annuity products, variable life products, and other securities products available on the First Heartland® Capital platform. As such, your IAR may suggest that you implement financial planning and consulting recommendations by purchasing securities products through a commission-based account, in addition to or in lieu of, a fee-based wrap 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. 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 you may select any broker dealer you wish to implement securities transactions. If you select your IAR to implement securities transactions, you will direct that an account be opened through 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.

If you chose to work with your IAR under a wrap fee program, and your IAR is also a registered representative with First Heartland® Capital, your IAR will not receive any 12b-1 fees or commissions on mutual fund or security purchases in the Account during the time the Account is covered under the wrap fee program. Information on the fees charged under the wrap program is available in a separate disclosure brochure that is available on request.

#### **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 his or her separate capacity as an insurance agent, your IAR will receive separate commissions for the insurance or annuity sale. This receipt of commissions creates an incentive for your IAR to recommend those products. 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, for commissions, general disability insurance, life insurance, annuities, and other insurance products to you. As such, your IAR in their separate capacity as an insurance agent, may suggest that you implement financial planning and consulting 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. Consequently, the advice rendered to you is biased. You are under no obligation to implement any insurance or annuity transaction through your IAR.

Your investment adviser 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.

## ITEM 11 - 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 interests. 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.

### AFFILIATE AND EMPLOYEE PERSONAL SECURITIES TRANSACTIONS DISCLOSURE

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 potential 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.

### PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

To the extent that your IAR recommends that you invest in products and services that will result in compensation being paid to either First Heartland® Consultants, First Heartland® Capital or the IAR, this presents a conflict of interest. The compensation to the IAR, First Heartland® Consultants and First Heartland® Capital may be more or less depending on the product or service that the IAR recommends. Therefore, the IAR has a financial incentive to recommend that a financial plan or consulting advice be implemented using a certain product or service over another product or service.

When considering whether to implement recommendations through the IAR, First Heartland® Consultants and/or First Heartland® Capital, clients should discuss with the IAR how First Heartland® Consultants, First Heartland® Capital and the IAR will be compensated for any recommendations implemented.

If the client decides to implement the financial plan or consulting advice through a First Heartland® Consultants wrap program, the IAR will provide the client, at the time of engagement, with a Brochure, client agreement and other account paperwork that contain specific information about fees and compensation that the IAR and First Heartland® Consultants will receive in connection with that program.

It is important to note that clients are under no obligation to implement any recommendations through First Heartland® Consultants, First Heartland® Capital, or the IAR with respect to financial planning and consulting services. Clients should understand that the investment products, securities and services that the IAR may recommend as part of financial planning and consulting services are available to be purchased through other broker dealers, investment advisers or investment firms not affiliated with First Heartland® Consultants.

Clients should understand that the IAR may give advice or take actions for other clients that differ from the advice given to the client.

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.

#### ITEM 12 - BROKERAGE PRACTICES

Clients are under no obligation to act on the financial planning or consulting recommendations of First Heartland® Consultants.

However, First Heartland® Consultants believes that it can recommend First Heartland® Capital in view of the broad range of products offered; the level of service provided; and commission rates. Clients should consider that commission rates and fees 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 presents a conflict of interest.

#### 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.

#### Trade Errors/Block Trading/Agency Cross Transactions/Principal Trades

Trading errors, block trading, agency cross transactions and principal trading do not apply to this Disclosure Brochure as this brochure deals with financial planning and consulting services only. If the client chooses to engage the IAR and First Heartland® Consultants under a wrap fee program, these items are detailed in the separate wrap fee program brochure.

## ITEM 13 - REVIEW OF ACCOUNTS

Financial planning and consulting services terminate upon the presentation of the written plan or upon final consultation with the client. Financial planning and consulting services do not include monitoring the investments of your account(s), and therefore, there is no ongoing review of your account(s) under such services.

## ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

### Other Compensation

We 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 and 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.

The IAR, First Heartland® Consultants and First Heartland® Capital receive additional compensation from product sponsors. Compensation may 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, IARs may 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, 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 TAMP wrap fee services 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, the IAR has a financial incentive to recommend TAMP wrap fee services over other programs and services. This conflict is controlled by always basing investment decisions on the individual needs of our clients.

The IAR recommending personalized asset management wrap fee services 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, the IAR has a financial incentive to recommend personalized asset management wrap fee services over other programs and services. This conflict is controlled by always basing investment decisions on the individual needs of our clients.



Furthermore, IARs will receive compensation derived from commissions, 12b-1 fees, and trails on transactions executed through First Heartland® Consultants' affiliated broker-dealer, First Heartland Capital in their capacity as registered representatives of such affiliated broker-dealer. Clients are hereby notified that in such an arrangement there always exists a conflict of interest. This conflict is controlled by always basing investment decisions on the individual needs of our clients.

First Heartland® Consultants has entered into solicitation agreements with independent third-party investment advisers, pursuant to which IARs receive solicitor's fees in return for the referral of clients to the third-party investment adviser. Because First Heartland® Consultants is engaged by and paid by the third-party investment adviser for the referral, any recommendation regarding the third-party investment adviser as part of the referral presents a conflict of interest. As such, the client is provided with a disclosure statement explaining the role of First Heartland® Consultants and the IAR and the referral fee received. First Heartland® Consultants does not compensate other persons or entities for client referrals. **Please note that solicitation agreements are no longer available to new clients/accounts.**

#### ITEM 15 - 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.

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. When clients have questions about their account statements, they should contact First Heartland® Consultants or the qualified custodian preparing the statement.

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

#### ITEM 16 - INVESTMENT DISCRETION

With respect to financial planning and consulting services, First Heartland® Consultants and your IAR do not have any discretionary investment authority.

#### ITEM 17 - VOTING CLIENT SECURITIES AND CLASS ACTIONS

First Heartland® Consultants and IARs do not vote proxies on behalf of Clients.

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 you. Neither First Heartland® Consultants

nor your IAR will 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 or whether or not a client should join a class action lawsuit. We recommend that you seek legal counsel prior to making a decision regarding whether or not 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.

ITEM 18 - FINANCIAL INFORMATION
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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.