



HIGHLAND
FINANCIAL ADVISORS

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1. Cover Page

Our Firm Brochure

February 25, 2020

This brochure provides information about the qualifications and business practices of HIGHLAND Financial Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 973-557-2933 or reed@highlandplanning.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about HIGHLAND Financial Advisors, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Registration as a Registered Investment Advisor does not imply a certain level of skill or training.

2. SUMMARY OF MATERIAL CHANGES

Since our firm's last annual filing dated March 15, 2019, there have been no material changes to report. In the future, any material changes that occur will be reported here.

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4.ADVISORY BUSINESS

Our Firm's History

HIGHLAND Financial Advisors, LLC was originally established October 8, 1996 as Tyras, Fraasa & Associates, LLC. On April 13, 2005, after the retirement of Paul F. Tyras, the name was changed to HIGHLAND Financial Advisors, LLC.

From 1996 to 2005 HIGHLAND Financial Advisors, LLC was located in Paramus, New Jersey. From 2006 to 2017 HIGHLAND Financial Advisors, LLC was located at 44 State Route 23 North, Riverdale, NJ. Since March of 2017, HIGHLAND Financial Advisors, LLC is located at 1680 Route 23, Wayne, NJ 07470.

HIGHLAND Financial Advisors, LLC is a Registered Investment Adviser with the Securities and Exchange Commission under the Investment Advisers Act of 1940 offering financial planning and investment advisory services to individuals, families, pension and profit sharing plans, and business entities. About one fifth of our clients are retirement plans, endowments, or trusts seeking investment management only. We are compensated directly from our clients and we do not receive any third-party compensation, 12b-1 fees, or commissions from any advice or products we recommend to our clients.

HIGHLAND Financial Advisors, LLC also offers Third Party Administrator (TPA) and Investment Advisory services in the design and management of qualified retirement plans for businesses. We spend about 10% of our time on TPA related work.

Our Principal Owners

Reed C. Fraasa and Edward J. Leach are the principal owners of HIGHLAND Financial Advisors, LLC.

Amount of Assets Under Management

As of December 31, 2019, the amount of client assets managed by HIGHLAND Financial Advisors, LLC on a discretionary basis is \$239,696,900, and the amount of client assets managed on a non-discretionary basis is -0-. We also offer consulting and monitoring for an additional \$16,896,000 in client assets under advisement.

Non-Participation in Wrap Fee Programs

HIGHLAND Financial Advisors, LLC does not participate in any Wrap Fee Programs. A wrap fee program is when investment advisory and brokerage execution services are provided for a single "wrapped" fee that is not based on the transactions in a client's account.

Types of Investments upon Which Advice is Offered

We offer advice on the following:

- | | | |
|-----------------------------|---------------------------|----------------------------|
| • Equity securities | • Variable life insurance | • US Government securities |
| • Corporate debt securities | • Variable annuities | • Real estate partnerships |
| • Municipal securities | • Mutual fund shares | • Options |
| • Certificates of deposit | • Exchange Traded Fund | • Restricted Stock |

Advisory Services Offered

HIGHLAND Financial Advisors, LLC offers four distinct services.

Wealth Management services are offered to individuals and families.

Investment Management services are offered to endowments, trusts, and corporations.

ERISA Fiduciary Investment Management services are offered to employer retirement plans.

Upswing Advisor services are offered to young professionals and families

WEALTH MANAGEMENT SERVICES

Wealth Management is a service for individuals and families that may include financial planning and investment management. Typically, we offer one or two discovery meetings with Client to develop Client's goals and vision for their financial plan. We offer to gather all known information about the Client's financial resources, including income sources, assets, liabilities, insurance policies, estate documents, employee benefits, and family details. Following that, we typically develop a financial plan with detailed costs for each of their lifestyle goals. The financial plan considers the Client's available assets and liabilities, income and expenses, expected rate of return, and priorities needed to achieve Client's goals. Based upon your stated goals and objectives and upon our analysis of the information supplied, we will make specific recommendations concerning products, services, and/or strategies that we believe will best assist you in attaining your goals and objectives. Typically, we determine the rate of return needed to achieve Client's goals, and we discuss the financial capacity for risk and Client's personal tolerance for risk. From that discussion, will typically develop an Investment Policy Statement to guide the management of Client's portfolio. Our investment philosophy is based on the generally accepted principle of Modern Portfolio Theory, which holds that asset allocation is the primary determinant of portfolio performance.

INVESTMENT MANAGEMENT SERVICES

Typically, HIGHLAND Financial Advisors, LLC quantifies the rate of return needed to achieve Client's goals and determines the risk capacity and risk tolerance for Client. From that an Investment Policy Statement is developed and then used to design a portfolio. Our investment philosophy is based on the generally accepted principle of Modern Portfolio Theory, which holds that asset allocation is the primary determinant of portfolio performance.

ERISA FIDUCIARY INVESTMENT MANAGEMENT SERVICES

When HIGHLAND Financial Advisors, LLC is engaged as a discretionary investment manager for a qualified plan under Section 3(38) of ERISA, the following scope of fiduciary services may be offered:

- Assist the client in the development of an Investment Policy Statement (IPS).
- Offer an appraisal and evaluate Plan's current investment offering, if applicable.
- Offer fiduciary investment mapping, if applicable.
- Review the investment options available through the plan and establish and manage the specific designated investment alternatives "DIA" to be offered to plan participants that meet the criteria set forth in the IPS including, but not limited to, managed portfolios constructed from the specific designated investment alternatives.
- Offer discretionary investment management to the Plan Sponsor with respect to the selection of a qualified default investment alternative ("QDIA") for participants who are automatically enrolled in the Plan or who otherwise fail to make an investment election. Client retains the sole responsibility to provide all notices to participants required under ERISA section 404(c)(5).

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- Offer to assist in the enrollment of participants in a 401(k) plan. Offer education for the participants in the Plan about general investment principles and advice on the investment alternatives available under the Plan.

UPSWING ADVISOR

HIGHLAND Financial Advisors, LLC offers a separate service doing business as Upswing Advisor. The service is designed and priced for young professionals and families. Clients of Upswing Advisor are offered Investment Management and Financial Planning services. Upswing Advisor has a separate disclosure Firm Brochure for clients using this service. Typically, clients of Upswing Advisor are offered Financial Planning services on a monthly retainer that provides advice and services on cash flow planning, budgeting software, student loan management, goal setting, employee benefit planning, retirement planning, insurance planning, and estate planning. Clients of Upswing Advisor may also receive Investment Management services based on the assets under management with a minimum account balance of \$5,000. Upswing Advisor investment services include the development of an Investment Policy Statement and the discretionary management of the client's portfolio.

HIGHLAND Financial Advisors, LLC will not provide either accounting or legal advice or service.

SEMINARS

Additionally, advice may be rendered regarding securities and/or financial planning through seminars. Such seminars may be used as an introduction to the financial planning process as noted above. Generally, such seminars are offered for free, on occasion a fee may be charged.

Client Imposed Investment Restrictions

Although it is rare, there may be circumstances whereby a client does not desire a particular security or asset to be included in their investment policy. If this were to occur, HIGHLAND Financial Advisors, LLC will discuss any possible implications and possible consequences such investment constraint may cause and document any constraints in client's Investment Policy Statement.

5. FEES AND COMPENSATION

HIGHLAND Financial Advisors, LLC is compensated directly by our clients for Wealth Management, Investment Management services, ERISA Fiduciary Investment Management, and Upswing Advisor services. We do not receive any third-party compensation, 12b-1 fees, or commissions from any advice or products it recommends.

WEALTH MANAGEMENT SERVICES

The annual cost for the Wealth Management services described in Section 4 above ranges from 0.25% to 1.00% of the client's "Assets Under Advisement," payable on a quarterly basis. Assets Under Advisement excludes personal property, primary and secondary residences, closely-held business interest, and any real estate investments. Assets Under Advisement includes Managed Assets held at a custodian under the management of HIGHLAND Financial Advisors, LLC, and may include any employer sponsored retirement plan you have control over (401(k), 403(b), 457), and any vested employer stock options or grants.

The compensation as a percentage of Assets Under Advisement is deducted solely from "Managed Assets". The compensation shall be based on the value of the Assets Under Advisement as of the

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execution of the agreement and then annually adjusted based on the value of Assets Under Advisement as of the twelve-month anniversary. A pro-rata refund will be paid to client if cancelled within any quarter.

INVESTMENT MANAGEMENT SERVICES

The annual cost for Investment Management services described in Section 4 above ranges from 0.20% to 0.80% of the client's assets under management. Services are billed quarterly in advance, beginning on the first business day of the month following the month in which the accounts are funded. Thereafter, the quarterly amount due is based on the value of the client's account on the last business day of the previous month. A pro-rata refund will be paid to client if canceled within any quarter.

ERISA FIDUCIARY INVESTMENT MANAGEMENT SERVICES

The annual cost for 3(38) Investment Management services described in Section 4 above ranges from 0.20% to 0.80% of the assets under management. Services are billed quarterly in advance, beginning on the first business day of the month following the month in which the accounts are funded. Thereafter, the fee is due quarterly based on the value of the client's account on the last business day of the previous month. A pro-rata refund will be paid to client if canceled within any quarter.

UPSWING ADVISOR

The cost for Upswing Advisor is 0.80% for Investment Management, billed quarterly based on the Assets Under Management. The cost for Financial Planning is a monthly retainer at \$100.00 to \$300.00 per month. Clients of Upswing Advisor receive a separate Firm Brochure. If a client terminates our services, the fees are prorated for the number of days in the quarter or month and the client is refunded any balance.

All clients with engagements starting prior to February 26, 2016 may have other fee schedules and agreements for services.

Other fees or expenses paid in connection with advisory services: products and custodians. All fees paid to HIGHLAND Financial Advisors, LLC for our services are separate and distinct from the fees and expenses charged by mutual funds and exchange traded funds (ETFs) to their shareholders. Mutual fund expenses are generally described in each fund's prospectus.

Clients may incur transaction fees or commissions in connection with trading of mutual funds, ETFs, individual stocks and bonds, which are charged by the custodian (brokerage firm holding the client's assets for safekeeping). Transaction costs for mutual funds and stocks charged by our recommended custodians, Charles Schwab & Co., Inc. (Schwab) and TD Ameritrade Institutional (TD Ameritrade), generally vary from \$0 to \$20 for each purchase and sale transaction.

Comparable services

HIGHLAND Financial Advisors, LLC believes that the charges and fees offered within its program are competitive with alternative programs available through other firms offering a similar range of services; however, lower fees for comparable services may be available from other sources.

Proper management of conflicts of interest relating to the fees we receive from Client, relating to the receipt of percentage-based compensation

A conflict of interest can exist in any form of compensation; however, we have adopted internal

policies to properly manage these and other potential conflicts of interest. HIGHLAND Financial Advisors, LLC goal is that advice to client remains at all times in client's best interest. We bill for services based on assets under management or assets under advisement. This is a very common form of compensation for registered investment advisory firms and avoids the multiple inherent conflicts of interest associated with commission-based compensation.

6.PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Not applicable. HIGHLAND Financial Advisors, LLC does not offer performance-based fees or side-by-side management to our clients.

7.TYPES OF CLIENTS

HIGHLAND Financial Advisors, LLC generally offers investment advice to:

- Individuals and families
- Pension and profit-sharing plans
- Trusts, estates, endowments or charitable organizations
- Corporations or business entities other than those listed above
- Small business owners

8.METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Before investing a client's portfolio, we will typically develop an Investment Policy Statement to establish a clear understanding between client and us as to how we will manage the client's investment portfolio. Clients should understand that buying securities involves risk and the Investment Policy Statement is created to provide a plan to manage client's assets for an expected rate of return with an acceptable amount of risk.

Generally

HIGHLAND Financial Advisors, LLC offers the investment strategy and its implementation for all clients, utilizing a variety of securities. Our security analysis method is fundamental. HIGHLAND Financial Advisors, LLC's Investment Committee establishes the overall investment strategies employed by the firm, reviews the brokerage/custodian firms we recommend to our clients, and approves of particular investments, which may be used by advisors of our firm. Specific no-load mutual funds and other investment products and securities are then recommended to clients. Clients' portfolios are periodically monitored, and adjustments to investment portfolios are suggested when appropriate. A disciplined approach to rebalancing is employed in order to maintain asset class exposures within desired risk tolerances, subject to variances permitted for tax reduction, tax planning or other reasons. Clients should understand that there can be no guarantee about the attainment of any goals, investment objectives, or investment returns.

Methods of Analyses and Investment Strategies, In General

In designing investment plans for clients, we rely upon the information supplied by client and client's other professional advisors. Such information may pertain to client's financial situation, estate planning, tax planning, risk management planning, short-term and long-term lifetime financial goals and objectives, investment time horizon, and perceived current tolerance for risk.

This information becomes the basis for the strategic asset allocation plan, which we believe will best meet client's stated long-term personal financial goals. The strategic asset allocation provides for

investments in those asset classes which HIGHLAND Financial Advisors, LLC believes (based on historical data and our proprietary analysis) will possess attractive combinations of return, risk, and correlation over the long term. A tremendous amount of academic research reveals that strategic asset allocation determines the majority of the expected long-term gross returns of investor's portfolios. Our selection of asset classes is driven by research into global asset classes by such academics as Professor Eugene Fama, Sr. of the University of Chicago Booth Graduate School of Business and the Center for Research in Security Prices, Professor Kenneth French of Dartmouth College, and many other academics and researchers.

Investment policy and overall portfolio weightings among equities, fixed income, alternatives, and cash equivalent investments are based upon each client's needs and desires, perceived risk tolerance and the need to assume various risks, and investment time horizon.

To the extent possible, we will utilize asset location to maximize after-tax returns by placing certain asset classes in taxable accounts and other asset classes in tax-deferred or tax-free accounts. For a client with multiple accounts, this will result in accounts with different holdings and each account performing differently. HIGHLAND Financial Advisors, LLC is primarily concerned with the performance and risk characteristics of the portfolio as a whole and not with each individual account.

Methods of Analysis; Sources of Information

HIGHLAND Financial Advisors, LLC security analysis is based upon a number of factors including those derived from commercially available software technology, securities rating services, general economic and market information, due diligence reviews, and specific investment analyses that clients may request. The main sources of information include commercially available investment information and evaluation services, financial newspapers and journals, academic whitepapers and periodicals. Prospectuses, statements of additional information, other issuer prepared information, and data aggregation services are also utilized. Investment Committee members and advisors also attend various investment and financial planning conferences. Research is also received from consultants, including financial economists affiliated with Dimensional Fund Advisors (DFA), Charles Schwab & Co., Inc., TD Ameritrade Institutional, and other firms.

Types of Investments

Each client typically receives an investment portfolio which consists mainly of no-load stock and bond mutual funds.

- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- Exchange Traded Funds
- United States government securities
- Interests in partnerships investing in real estate

Risk of Loss, In General

Investing in securities involves a risk of loss that clients should be prepared to bear on occasion. The investment recommendations seek to limit risk through broad global diversification in equities (through broadly diversified stock mutual funds) and investment in high quality fixed income securities or diversified bond funds. However, the investment methodology will still, at times, subject the client to declines in the value of their portfolios, which can at times be dramatic.

Risk of Loss, Certain Higher-Risk Securities

Certain securities recommended, such as U.S. small cap and micro-cap mutual funds, commodities-linked mutual funds, and emerging markets mutual funds, possess higher levels of volatility (as individual asset classes within a portfolio). We may employ these securities as part of an overall strategic asset allocation for a client, and when such is undertaken, HIGHLAND Financial Advisors, LLC possesses a reasonable belief that the risk-return relationship for these securities will likely be beneficial for the investor over the long term.

Cash Balances in Client Accounts

Cash in clients' investment accounts are typically swept into the money market mutual fund accounts or money market bank accounts of TD Ameritrade, or Schwab. We may also buy bank CDs. We typically discuss with each client, during periodic reviews, upcoming cash flow needs and seek to plan accordingly to meet those needs. While it is not the practice to encourage clients to maintain a large amount of cash in their accounts, such may be undertaken depending on the planning needs of the client. For example, since the time horizon of their capital assets needs to be five years or longer, any capital they intend to consume over the next five years may be kept in a "reserve fund". This would be typical for a short-term goal or for someone in retirement needing income from their assets to support their lifestyle.

HIGHLAND Financial Advisors, LLC includes separate accounts or funds established for cash reserve purposes in the calculation of HIGHLAND Financial Advisors, LLC's assets under management and fee calculations.

9. DISCIPLINARY INFORMATION

There are no disciplinary actions to report for HIGHLAND Financial Advisors, LLC or any of its investment adviser representatives.

10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

HIGHLAND Financial Advisors, LLC is actively engaged in a business other than giving investment advice and offers services other than investment advice to clients. HIGHLAND Financial Advisors, LLC also offers pension and profit sharing plan consulting and administration services to businesses and individuals. This is known as Third Party Administration of qualified retirement plans. Approximately 15% of the firm's time is spent in this area. HIGHLAND Financial Advisors, LLC charges separate fees for this service.

11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Generally, We Seek to Avoid Material Conflicts of Interest

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HIGHLAND Financial Advisors, LLC seeks to avoid material conflicts of interest. Typically, HIGHLAND Financial Advisors, LLC, its investment adviser representatives, or its team members do not receive any third-party direct monetary compensation (i.e., commissions, 12b-1 fees, or other fees) from brokerage firms (custodians) or mutual fund companies.

However, some additional services and non-direct monetary or other forms of compensation are offered and provided to HIGHLAND Financial Advisors, LLC as a result of its relationships with custodian(s) and/or providers of mutual fund products. For example, our investment advisors and employees may be invited to attend educational conferences and/or entertainment events sponsored by such brokerage firms or custodians or mutual fund companies. Custodians/brokers may offer soft dollars to support our business operations. We believe that the services and benefits provided to us by brokerage firms (custodians) and mutual fund providers do not materially affect the investment management recommendations made to our clients.

About Our Relationships with Investment Product Providers and Custodians

Following a stringent interview process, HIGHLAND Financial Advisors, LLC was granted access by Dimensional Fund Advisors (DFA) to its mutual funds in March of 2008, and by Stone Ridge Asset Management, LLC to its mutual funds in December of 2014. Dimensional Fund Advisors is a Santa Monica, California based mutual fund company with over 40 funds. Stone Ridge Asset Management, LLC is a New York based mutual fund company with over 11 funds.

While there is no direct linkage between the investment advice given and the approval of HIGHLAND Financial Advisors, LLC to access the mutual funds of Dimensional Fund Advisors or Stone Ridge Asset Management, LLC, economic benefits are received which would not be received if we did not give investment advice to clients. These benefits, which are also received by other Registered Investment Adviser firms granted access to the Dimensional Fund Advisors or Stone Ridge Asset Management, LLC funds, include attendance at seminars where academic instruction is given on asset allocation strategies, financial planning, and practice management. We are under no obligation to recommend the mutual funds of Dimensional Fund Advisors or Stone Ridge Asset Management, LLC

HIGHLAND Financial Advisors, LLC receives benefits from its custodial relationships with TD Ameritrade, and Schwab, which are also received by other Registered Investment Adviser firms who custody clients' assets with these custodians. These benefits include attendance at seminars where financial planning, investment management and practice management instruction is given.

HIGHLAND Financial Advisors, LLC pays all of the travel and hotel costs for members and staff attending these seminars.

Our Code of Ethics

We have adopted a Code of Ethics, to which all investment adviser representatives and employees are bound to adhere. The key components of our Code of Ethics reflect:

- The interests of clients will be placed ahead of the firm's or any employee's own investment interests.
- Employees are expected to conduct their personal securities transactions in accordance with the Personal Trading Policy and will strive to avoid any actual or perceived conflict of interest with the client. Employees with questions regarding the appearance of a conflict with a client should consult with the CCO before taking action that may result in an actual conflict.
- Employees will not take inappropriate advantage of their position with the firm.
- Employees are expected to act in the best interest of each of our clients.
- Employees are expected to comply with federal securities laws. Strict adherence to this policy

manual will assist the employee in complying with this important requirement.

HIGHLAND Financial Advisors, LLC will provide a complete copy of the Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions and Personal Trading

HIGHLAND Financial Advisors, LLC does not currently participate in securities in which it has a material financial interest. HIGHLAND Financial Advisors, LLC and its related persons, as a matter of policy, do not recommend to clients, or buy or sell for client's accounts, securities in which the firm or its related persons has a material financial interest.

HIGHLAND Financial Advisors, LLC's Code of Ethics provides that individuals associated with our firm may buy or sell securities for their personal accounts identical or different than those recommended to clients. However, it is the expressed policy of our firm that no person employed by the firm shall prefer his or her own interest to that of an advisory client nor make personal investment decisions based on investment decisions of advisory clients.

To supervise compliance with the Code of Ethics, HIGHLAND Financial Advisors, LLC requires that anyone associated with this advisory practice and who possesses access to advisory recommendations (before or at the time they are entered into) ("access persons") to provide annual securities holding reports and quarterly transaction reports to HIGHLAND Financial Advisors, LLC's Chief Compliance Officer or his or her designee. We also require access persons to receive advance approval from HIGHLAND Financial Advisors, LLC's Chief Compliance Officer or his designee prior to investing in any initial public offerings or private placements, and with regard to trading of certain individual securities.

The Code of Ethics further includes HIGHLAND Financial Advisors, LLC's policy prohibiting the use of material non-public information and protecting the confidentiality of client information. We require that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to discipline.

In instances where HIGHLAND Financial Advisors, LLC and/or its associates buy or sell the same securities as those of their clients, the client's accounts are given priority. Our representatives may not affect for himself or herself or his or her immediate family ("Covered Persons") any transactions in a security that is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any client, unless in accordance with the following procedures:

1. If HIGHLAND Financial Advisors, LLC is purchasing or considering for purchase any security on behalf of a client, no Covered Persons may transact in that security prior to the client's purchase having been completed by HIGHLAND Financial Advisors, LLC, or until a decision has been made not to purchase the security on behalf of the client; and
2. If HIGHLAND Financial Advisors, LLC is selling or considering the sale of any security on behalf of a client, no Covered Persons may transact in that security prior to the sale on behalf of the client having been completed by HIGHLAND Financial Advisors, LLC, or until a decision has been made not to sell the security on behalf of the client.

General exceptions:

1. This policy has been established recognizing that some securities being considered for purchase and sale on behalf of our client's trade in sufficiently broad markets to permit transactions to be

completed without any appreciable impact on the markets of the securities.

2. Open-end mutual funds and/or the investment subdivisions which may comprise a variable insurance product are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, transactions in mutual funds and /or variable insurance products by Covered Persons are not likely to have an impact on the prices of the fund shares in which clients invest and are therefore not prohibited by the Advisory Firm's Investment Policy and Procedures.

In accordance with Section 204A of the Investment Advisors Act of 1940, HIGHLAND Financial Advisors, LLC also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by HIGHLAND Financial Advisors, LLC or any person associated with HIGHLAND Financial Advisors, LLC.

12.BROKERAGE PRACTICES

Use of Brokerage Firms (Custodians), In General

HIGHLAND Financial Advisors, LLC does not maintain custody of your assets that we manage. Your assets must be maintained in an account at a “qualified custodian,” generally a broker/dealer or bank. We recommend that our clients choose among TD Ameritrade Institutional, or Charles Schwab & Co., Inc., FINRA-registered broker-dealers and members of SIPC, as a qualified custodian. We are independently owned and operated and not affiliated with TD Ameritrade, or Schwab. The custodian/broker of your choice will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use TD Ameritrade, or Schwab as custodian/broker, you will decide whether to do so and open your account with the custodian/broker by entering into an account agreement directly with them. We do not open the account for you.

Our Recommendations of Brokerage Firms

Client may direct HIGHLAND Financial Advisors, LLC to use a particular broker-dealer (subject to HIGHLAND Financial Advisors, LLC's right to decline and/or terminate the engagement). In such event, Client will negotiate terms and arrangements for the account with that broker-dealer, and HIGHLAND Financial Advisors, LLC will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by HIGHLAND Financial Advisors, LLC.

Further, if such brokers are utilized, HIGHLAND Financial Advisors, LLC may not possess access to certain mutual funds and other investments that are generally available only to institutional investors or which would require a significantly higher minimum initial investment, and commission rates paid or transaction fees paid may be higher than the fees negotiated by HIGHLAND Financial Advisors, LLC.

While as a fiduciary, HIGHLAND Financial Advisors, LLC endeavors to act in its clients' best interests, our desire that clients maintain much of their assets in accounts at TD Ameritrade, or Schwab may be based in part on the benefit to HIGHLAND Financial Advisors, LLC for the availability of some products and services (See Item 11, Page 11 About Our Relationships with Investment Product Providers and Custodians) at no cost to our firm, or at reduced costs, and not solely on the nature, cost, or quality of custody and brokerage services provided by the brokers, and this may create a potential conflict of interest.

However, we have negotiated fees with the custodians we recommend, and we have selected these custodians for their generally low fees relative to another large custodian. Also, we prefer to

recommend custodians whom possess significant size and financial resources, for purposes of enhanced safety of clients' funds.

Aggregation of Client Trades

We may aggregate sale and purchase orders of securities held by clients with similar orders being made simultaneously for other clients if such aggregation is reasonably likely to result in overall economic benefit to clients.

Non-Participation in Client Referral Programs of Custodians

We do not participate in the client referral programs that may be sponsored by such custodians.

Participation in Client Referral Programs of Investment Product Providers

We do not participate in any client referral program from any custodian or investment product provider.

13. REVIEW OF ACCOUNTS

For those clients to whom we offer investment management services, the Principals of HIGHLAND Financial Advisors, LLC, and/or its Associate Persons, conduct account reviews on an ongoing basis. All clients are advised to inform us of any changes to their goals and objectives or financial situation that could impact their financial planning or investment objectives.

The Portfolio Analyst reviews all accounts on at least a quarterly basis for consistency with investment objectives, including asset allocation, performance measures, other investment policy criteria, and accuracy of trades on an ongoing basis. The accounts administrator reviews accounts on a daily basis for accuracy of transactions, including, credits, debits, deposits and disbursements. Clients receive a confirmation of each transaction and periodic statements from their broker- dealer/custodian.

HIGHLAND Financial Advisors, LLC reviews Client's portfolio periodically by measuring the rate-of-return, asset allocation, risk assumptions, and market value. Periodically, following significant market moves, and if trading is expected to result in a benefit to Client, we will typically rebalance your portfolio back to your target asset allocation. We offer performance reports that track your portfolio's historical rate of return, allocation risk level and market value via a secure web-based portal, ClientView.

14.CLIENT REFERRALS AND OTHER COMPENSATION

HIGHLAND Financial Advisors, LLC is not paid cash by and does not receive any economic benefit including commissions, equipment or non-research services from a non-client in connection with giving advice to clients. HIGHLAND Financial Advisors, LLC has a solicitation agreement with Kinder & Co., Inc. for client referrals. In compliance with Rule 206(4)-3 of the Investment Advisers Act of 1940, prospective clients who are referred by Kinder & Co., Inc. are offered a separate disclosure document detailing the terms of the solicitation agreement between HIGHLAND Financial Advisors, LLC and Kinder & Co., Inc. HIGHLAND Financial Advisors, LLC compensates Kinder & Co., Inc. 0.15% of the Assets Under Management.

15.CUSTODY

HIGHLAND Financial Advisors, LLC does not have custody of clients' funds or securities. Clients' funds and securities are held by the custodian (TD Ameritrade, or Schwab). Clients will receive account statements and confirms directly from the custodian. Clients should carefully review the account statements they receive.

Standing Letters of Authorization: HIGHLAND Financial Advisors, LLC does maintain a standing letter of authorization (SLOA) where the funds or securities are being sent to a third party, and the following conditions are met:

- a. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- b. The client authorizes HIGHLAND Financial Advisors, LLC, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- c. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
- d. The client has the ability to terminate or change the instruction to the client's qualified custodian.
- e. HIGHLAND Financial Advisors, LLC has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- f. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.
- g. HIGHLAND Financial Advisors, LLC maintains records showing that the third party is not a related party of HIGHLAND Financial Advisors, LLC or located at the same address as HIGHLAND Financial Advisors, LLC.

16.INVESTMENT DISCRETION

HIGHLAND Financial Advisors, LLC has authority to determine, without obtaining specific client

consent, the securities to be bought or sold and the amount of the securities to be bought or sold.

17.VOTING CLIENT SECURITIES

HIGHLAND Financial Advisors, LLC does not have authority to vote client securities. Clients will receive their proxies or other solicitations directly from TD Ameritrade, Schwab, or a transfer agent.

18.FINANCIAL INFORMATION

N/A. HIGHLAND Financial Advisors, LLC is not required to disclose financial information.

19.REQUIREMENTS FOR STATE-REGISTERED ADVISERS

N/A. HIGHLAND Financial Advisors, LLC is a federally registered investment adviser.

Privacy Notice

Our Promise to You

As a client of HIGHLAND Financial Advisors, LLC, you share both personal and financial information with us. Your privacy is important to us, and we are dedicated to safeguarding your personal and financial information.

Information Provided By Clients

In the normal course of doing business, we typically obtain the following non-public personal information about our clients:

- Personal information regarding our clients' identity such as name, address and social security number;
- Information regarding securities transactions effected by us; and
- Client financial information such as net-worth, assets, income, bank account information and account balances.

How We Manage and Protect Your Personal Information

We do not sell information about current or former clients to third parties, nor is it our practice to disclose such information to third parties unless requested to do so by a client or client representative or, if necessary, in order to process a transaction, service an account or as permitted by law. Additionally, we may share information with outside companies that perform administrative services for us. However, our contractual arrangements with these service providers require them to treat client information as confidential.

In order to protect client personal information, we maintain physical, electronic and procedural safeguards to protect your personal information. HIGHLAND Financial Advisors, LLC Privacy Policy restricts the use of client information and requires that it be held in strict confidence.

Client Notifications

We are required by law to annually provide a notice describing our privacy policy. In addition, we will inform you promptly if there are changes to our policy. Please do not hesitate to contact us with questions about this notice.

Advisors' Brochure Supplement

for

Reed C. Fraasa
Managing Member, Chief Compliance Officer
CERTIFIED FINANCIAL PLANNER™ Practitioner

Edward J. Leach
Partner
CERTIFIED FINANCIAL PLANNER™ Practitioner

HIGHLAND Financial Advisors, LLC
1680 Route 23, Ste. 210
Wayne, NJ 07470

Phone: 973-557-2933
Fax: 973-858-0201
highlandplanning.com

February 25, 2020

This brochure supplement provides information about our advisors that supplements the HIGHLAND Financial Advisors, LLC brochure. You should have received a copy of that brochure. Please contact Reed C. Fraasa if you did not receive HIGHLAND Financial Advisors, LLC's brochure or if you have any questions about the contents of this supplement.

Additional information about the above named advisors is available on the SEC's website at www.adviserinfo.sec.gov

REED C. FRAASA

DOB 3-26-58

Educational Background

College for Financial Planning (Denver, CO)

CFP® Certification 1993

Minimum Qualifications required:

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the education, examination, experience, and ethics requirements as set forth by the CFP Board of Standards. Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years.
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*.

Center for Fiduciary Studies, LLC, Accredited Investment Fiduciary®, AIF®, designation certifies that the recipient has specialized knowledge of fiduciary standards of care and their application to the investment management process.

Kinder Institute, Registered Life Planner®, RLP® 2007

The Kinder Institute issues and controls the registered trademark for the Registered Life Planner® designation after a participant has completed the following three requirements:

- Completion of a two day workshop, The Seven Stages of Money Maturity
- Completion of a five day retreat on EVOKE™ training
- Completion of a six month mentorship in EVOKE® training.

Business Experience

HIGHLAND Financial Advisors, LLC

October 1996 - Present

Managing Member, Founder, Wealth Advisor

Disciplinary Information

There are no legal or disciplinary events to report.

Other Business Activities

There are no other business activities to report.

Additional Compensation

There is no additional compensation to report. Reed C. Fraasa is solely compensated from the regular business activities of HIGHLAND Financial Advisors, LLC as disclosed in the Firm Brochure.

Supervision

Reed C. Fraasa is a managing member of HIGHLAND Financial Advisors, LLC.

Requirements for State-Registered Advisers

Not applicable. HIGHLAND Financial Advisors, LLC is federally registered with the Securities and Exchange Commission.

EDWARD J. LEACH

DOB 09-09-87

Educational Background

Montclair State University Graduate School

Masters of Business Administration (MBA), 2014

Fairleigh Dickinson University Financial Planning Program

CFP® Certification, 2012

Ramapo College of New Jersey, Anisfield School of Business

B.S. Business Administration – Concentration in Finance & minor in Economics, 2010

Minimum Qualifications required:

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the education, examination, experience, and ethics requirements as set forth by the CFP Board of Standards. Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years.
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*.

Business Experience

HIGHLAND Financial Advisors, LLC	2014 - Present
Partner, Wealth Advisor	
Traphagen Financial Group, LLC	2013 – 2014
Financial Planner	
Toys”R”Us, Inc	2013 – 2013
Financial Analyst, Corporate FP&A	
HIGHLAND Financial Advisors, LLC	2010 – 2013
Financial Analyst, Financial Planner	

Disciplinary Information

There are no legal or disciplinary events to report.

Other Business Activities

There are no other business activities to report.

Additional Compensation

There is no additional compensation to report. Edward J. Leach is solely compensated from the regular business activities of HIGHLAND Financial Advisors, LLC as disclosed in the Firm Brochure.

Supervision

Edward J. Leach is a member of HIGHLAND Financial Advisors, LLC.

Requirements for State-Registered Advisers

Not applicable. HIGHLAND Financial Advisors, LLC is federally registered with the Securities and Exchange Commission.