



**ADV Part 2A Appendix 1**  
**Redhawk Wealth Advisors Wrap Fee Program Brochure**

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This wrap fee program brochure provides information about the qualifications and business practices of Redhawk Wealth Advisors, Inc. If you have any questions about the contents of this brochure, please contact Redhawk at (952) 835-4295 or [support@redhawkwa.com](mailto:support@redhawkwa.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.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training. Additional information about Redhawk Wealth Advisors, Inc. also is available on the SEC's website at

www.advisorinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 146616.

### **Material Changes**

This document is used to provide our clients with a summary of new and/or updated information. We will inform interested parties of the revision(s) based on the nature of the information as follows.

**1. Annual Update:** We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. We will provide interested parties with a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE.

**2. Material Changes:** Should a material change in our operations occur and depending on its nature, we will promptly communicate this change to clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates, or any information that is critical to a client's full understanding of who we are, how to find us, and how we do business. The following summarizes new or revised disclosures based on information previously provided in our Firm Brochure dated 3/19/2019:

Section 1.1 – Expanded the definition of AUM and AUA.

Section 3.2 – Replaced how investments are selected, monitored and replaced.

Section 6.2 – Disclosed the broker-dealers that Financial Advisors are registered.

Section 6.5 – Added marketing agreements with Brokers International and Lafayette Life Insurance Company.

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## 1. Services, Fees, and Compensation

### 1.1 Introduction

Redhawk Wealth Advisors, Inc. (“Redhawk” or “Firm”) is an SEC-registered investment advisor with its principal place of business based in Minneapolis, Minnesota. Redhawk began conducting business in 2008. Redhawk primarily provides investment advisory services to individuals, trusts, estates, charitable organizations, foundations, endowments, corporations, captive insurance companies (“CIC” or “CICs”), qualified retirement plans, or other businesses not listed above (collectively referred to herein as “Client” or “Clients”). Redhawk provides investment advisory and other financial services through independent financial advisors who have either affiliated with Redhawk or have a solicitor’s agreement with the independent financial advisor’s registered investment advisory firm (“Financial Advisor” or “Financial Advisors”).

As of 12/31/2019, Redhawk disclosed \$1,414,807,077 in total assets representing \$1,111,611,503 in discretionary Assets under Management (“AUM”) and \$303,195,574 in non-discretionary Assets under Advisement (“AUA”).

AUM shall mean assets that are invested under either:

- a Redhawk Unified Managed Account Agreement (or “RUMA”); or
- a Wrap Agreement; or
- a Standard Open Investment Platform Discretionary Investment Advisory Agreement (or “SOIP”); or
- a Trading Open Investment Platform Discretionary Investment Advisory Agreement (or “TOIP”); or
- an ERISA 3(38) Investment Management Agreement; or
- a Standard Captive Insurance Company Investment Management Agreement; or
- an ET Group of Companies Captive Insurance Company Investment Management Agreement; or
- a Cash Balance Investment Management Agreement; or
- a 403(b) / 457(b) Investment Management Agreement.

AUA shall mean all other Client assets under advisement by a Financial Advisor that may be invested in:

- a Third-Party Money Manager Held Away Accounts Open Investment Platform Agreement (or “3OIP”); or
- or
- a Held Away Accounts Open Investment Platform Agreement (or “HOIP”); or
- a Retirement Plan ERISA 3(21) Investment Advisor Agreement; or
- an ERISA retirement plan whereby the Financial Advisor is the advisor of record for the plan and Redhawk is not serving as an ERISA 3(21) Investment Advisor or a 3(38) Investment Manager.

Redhawk offers a discretionary advisory service program for high net worth individuals (the “Advisory Services”) whereby Redhawk manages Client accounts for a single all-inclusive fee.

#### **Redhawk Discretionary Advisory Services**

- Investment manager due diligence.
- Investment manager selection, monitoring and replacement.
- Ongoing discretionary investment management.
- Tax optimization and tax loss harvesting, as applicable.
- Portfolio personalization.
- Monthly brokerage statements.
- Quarterly performance reporting.
- Online access to brokerage account.
- Online access to Orion Client Portal.
- Weekly Update commentary and portfolio signals.
- Fee billing.
- Custody and clearance of securities included at no additional charge.

- Execution of security transactions and costs included at no additional charge (excluding redemption fees).

## 1.2 Redhawk Advisors Fees and Expenses

Redhawk charges a single fee based on the value of the Client's assets. The single fee includes portfolio management, trading commissions, transaction fees, custody service, and Financial Advisor fees (if applicable). Fees are calculated and deducted on a monthly basis in arrears based on the average daily balance. The monthly payment shall be equal to 1/12 of the fee multiplied by the average daily balance of the Wrap Account as reported by the Custodian. Thereafter, a Client agreement may be canceled at any time, by either party, for any reason upon receipt of thirty (30) days written notice. Redhawk reserves the right to adjust the fee at its full discretion for any Client.

Clients are required to establish brokerage accounts at an independent qualified custodian ("Custodian" or "Custodians") identified by Redhawk. All identified Custodians are member firms of FINRA and SIPC.

In determining whether to establish an account, a Client should be aware that the overall cost of the Advisory Services may be higher or lower than the Client might incur by purchasing separately the types of securities available through the Advisory Services. In order to compare the cost of the Advisory Services with unbundled services, the Client should consider the turnover rate in Redhawk's investment strategies, trading activity in the account, standard advisory fees, and brokerage commissions that would be charged at other broker-dealers and investment advisors.

The Client authorizes Redhawk to debit the advisory fee due from the Client's account. If insufficient cash is available to pay such fees, securities in an amount equal to the balance of unpaid fees will be liquidated to pay for the unpaid balance. Redhawk reserves the right to reduce the fee at its discretion, including for promotional events that may result in complimentary or reduced advisory fees for new Clients, and/or to current Clients. On an annualized basis, Redhawk's fee for the Advisory Services is based on the following schedules.

The following model portfolio strategies are covered under the following fee schedule:

- Liquid Income
- High Income
- S&P 500 Allocations
- Environmental, Social, and Governance
- Growth Stock
- High Dividend Stock

Household Assets	Annual Portfolio Management Fee	Annual Advisor Fee	Total Annual Investment Management Fee
\$250,000 - \$499,999	0.25% - 0.875%	0.25% - 0.875%	0.50% - 1.75%
\$500,000 - \$999,999	0.25% - 0.750%	0.25% - 0.750%	0.50% - 1.50%
\$1,000,000 - \$1,999,999	0.25% - 0.500%	0.25% - 0.500%	0.50% - 1.00%
\$2,000,000 - \$2,999,999	0.25% - 0.45%	0.25% - 0.45%	0.50% - 0.90%
\$3,000,000 - \$3,999,999	0.25% - 0.35%	0.25% - 0.35%	0.50% - 0.70%
\$4,000,000 plus	0.25%	0.25%	0.50%

### 1.3 Other Fees and Expenses

**Mutual Fund and ETF Fees:** All fees paid to Redhawk for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, redemption fees, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a Client may pay an initial or deferred sales charge as further described in the prospectus. A Client could invest in a mutual fund or ETF directly without Redhawk's services and in that case, the Client would not receive the services provided by Redhawk which are designed, among other things, to assist the Client in determining which mutual fund or ETF are most appropriate to each Client's financial condition and objectives. Accordingly, the Client should review both the fees charged by the funds, Redhawk's fees, and the Financial Advisor fees to fully understand the total amount of fees to be paid by the Client and to thereby evaluate the investment advisory services being provided.

**Additional Fees and Expenses:** Clients are also responsible for the fees and expenses charged by custodians and imposed by broker-dealers, including, but not limited to, any trading charges, redemption fees, SEC fees, or transaction charges imposed by a broker-dealer with which an independent investment manager effects transaction for the Client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**Household Fees:** The investment management and Financial Advisor fees for wealth management Clients are based on all the accounts that pertain to all members of an immediate family or all related businesses of a company ("Household").

In addition to the aforementioned, there may be other costs assessed, which are not included in the Advisory Services fees, such as charges for transactions not executed through the Custodian, costs associated with exchanging currencies, wire transfer fees, redemption fees, or other fees required by law.

### 1.4 Advisor Representative Compensation

Financial Advisors may receive compensation for providing the Advisory Services.

## 2. Account Requirements and Types of Clients

Redhawk Advisory Services has a minimum relationship size of \$250,000. The minimum values may be reduced or waived at Redhawk's discretion.

## 3. Investment Selection and Evaluation

### 3.1 Investments

The following model portfolio strategies are available under the wrap fee program:

- Liquid Income
- High Income
- S&P 500 Allocations
- Environmental, Social, and Governance
- Growth Stock
- High Dividend Stock

### 3.2 Selection and Evaluation

Redhawk continuously monitors the performance of accounts managed by third-party money managers and will assume discretionary authority to hire or fire the money manager where such action is deemed appropriate and in the best interest of the client. Redhawk uses the following methods of analysis in formulating investment advice and/or managing Client assets.

Redhawk's Investment Committee ("RIC") meets on a weekly basis and operates under a formalized charter and set of policies and procedures outlined under the Redhawk Investment Provider Selection and Monitoring Methodology document. RIC is responsible for the selection, monitoring, and replacement of investments. Redhawk makes available to Clients investments that have varied investment philosophies and strategies that cover fixed income, tactical managers, strategic allocation managers, and alternative investments encompassing a broad range of investment solutions.

**Frequency:** RIC is aware that the ongoing review and analysis of the investments is just as important as the initial selection. Investment performance will be monitored on a weekly basis, and it is at Redhawk's discretion to take corrective action by either terminating or replacing an investment if deemed appropriate at any time. RIC intends to evaluate investment performance from a long-term perspective and RIC makes available to Financial Advisors a communication that summarizes the opinions of the RIC for each investment offered to Clients.

**Selection Criteria:** RIC will use the information submitted by the investment company as required under the Redhawk Investment Provider Due Diligence Request for Information ("RFI") document. RIC will review the information and decide using various criteria.

**Monitoring:** The ongoing monitoring of investments is a regular and disciplined process. Monitoring confirms that the criteria remain satisfied and that an investment continues to be appropriate. The process of monitoring investment performance relative to specified guidelines will be consistently applied and frequent change of investments is neither expected nor desired. Monitoring will utilize some of the same selection criteria used in the selection analysis. Unusual, notable, or extraordinary events will be communicated to the Financial Advisor and Client on a timely basis. Examples of such events include investment manager or team departure, violation of investment guidelines, material litigation against the firm, or material changes in firm ownership structure and announcements thereof.

RIC has established performance objectives for each investment. Investment manager performance will be evaluated in terms of an appropriate market index (e.g., the S&P 500 Index for the large-cap domestic equity manager), the relevant benchmark, or peer group (e.g., the large-cap growth mutual fund universe for a large-cap growth mutual fund). RIC will exercise discretion and reasonable judgment in the monitoring process. In fulfilling RIC's ongoing duty, certain indicators have been selected to assist in determining whether a particular investment remains a suitable investment.

**Replacement/Termination:** RIC will consider either replacing or terminating an investment if one or several of the following conditions occur. Each month, the investments are scored by reviewing several key criteria and any company related activities as outlined in the Investment Provider Selection and Monitoring Methodology document. [Below](#)~~Enclosed below~~ is a summary of our monitoring criteria. The levels consist of:

1. **Approved (green)**

The investment has been approved by the committee without any restrictions other than a minimum account balance and suitability.

2. **Watch List (yellow)**

The investment can be placed on the watch list for any of the criteria listed below:

- a. The investment has scored in the replacement watch or the replacement zone for the first time.
- b. The investment significantly underperforms without a justifiable rationale.
- c. The investment fails to achieve performance and risk objectives.
- d. The investment fails to maintain a consistent investment style.
- e. The investment, or the organization managing the investment, has a material change in the organization, investment philosophy, and/or personnel.

- f. The investment, or the organization managing the investment, is subject to any legal, Securities and Exchange Commission (SEC), and/or other regulatory agency proceedings.

### **3. Restricted List (red)**

Once the investment has been placed on the watch list, the following restrictions can be placed on the investment.

- a. No restrictions.
- b. No new money restrictions:
  - i. The investment has scored in the replacement watch or replacement zone the last 3 months in a row.
  - ii. The investment has scored in the replacement watch or replacement zone more than the last 3 months in a row and has a Redhawk score of less than 5.

### **4. Termination or Replacement**

An investment can be replaced or terminated based on the following criteria.

- a. The investment scored in the replacement zone 4 months in a row and has a Redhawk score of less than 5.
- b. The Redhawk Investment Committee may also remove any investment at any time and for whatever reason it deems appropriate.

## **3.3 Performance Based Fees**

Redhawk does not offer performance-based fee arrangements.

## **3.4 Voting Client Securities**

As a matter of firm policy, Redhawk does not vote proxies on behalf of Clients. Therefore, although Redhawk may provide investment advisory services relative to Client investment assets, Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the Client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the Client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the Client copies of all proxies and shareholder communications relating to the Client's investment assets. Redhawk does not offer any consulting assistance regarding proxy issues to Clients.

## **4. Client Information**

Redhawk receives at the outset of the Client onboarding process and updates at least annually, all Client information necessary to provide investment management services under the program, including Client financial and income information, and risk tolerance information.

## **5. Client Contact with Investment Managers**

Clients are welcome and encouraged to contact Redhawk at any time to arrange for a call with a representative from the RIC.



## **6. Additional Information**

### **6.1 Disciplinary Information**

Redhawk is required to disclose any legal or disciplinary events that are material to a Client's or prospective Client's evaluation of Redhawk's advisory business or the integrity of Redhawk's management. Redhawk's management personnel have no reportable disciplinary events to disclose.

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

Redhawk always endeavors to put the best interest of its Clients first as part of Redhawk's fiduciary duty as a registered investment advisor; Redhawk takes the following steps to address this:

- Disclose to Clients the existence of all material conflicts of interest, including the potential for Redhawk and Redhawk employees to earn compensation from investment advisory Clients in addition to Redhawk's investment advisory fees;
- Disclose to Clients that they are not obligated to purchase recommended investment products from Redhawk employees or Redhawk affiliated companies;
- Collect, maintain and document accurate, complete and relevant Client background information, including the Client's financial goals, objectives and risk tolerance; Redhawk's management conducts regular reviews of each Client account to verify that all recommendations made are in the best interest of the Client;
- Require that Redhawk employees seek prior approval of any outside employment activity so that Redhawk may ensure that any conflicts of interests in such activities are properly addressed;
- Periodically monitor outside employment activities to verify that any conflicts of interest continue to be properly addressed by Redhawk; and
- Educate Redhawk employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to Clients.

Management personnel of Redhawk and Financial Advisors affiliated with Redhawk may act as agents for various insurance companies. As such, these individuals can receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of investment advisory Clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of investment advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the Client.

#### **Broker Dealer**

Certain IARs of Redhawk are registered representatives of Southeast Securities, LLC ("Southeast"), and KDC Financial ("KDC"), both FINRA-registered broker-dealers and members of SIPC and will be compensated for effecting securities transactions or providing advisory services. A portion of the time of these IARs is spent in connection with broker/dealer activities.

As a broker-dealer, these firms engage in a broad range of activities normally associated with securities brokerage firms. Pursuant to the investment advice given by our Firm or its IARs, investments in securities may be recommended for clients. If Southwest or KDC are selected as the broker-dealer, the broker-dealer and its registered representatives, including IARs of Redhawk, will receive commissions for executing securities transactions.

If Southeast or KDC are selected as the broker-dealer, the transaction charges may be higher or lower than the charges you may pay if the transactions were executed at other broker/dealers. You should note, however, that you are under no obligation to purchase securities through IARs of Redhawk or these broker/dealers.

Redhawk may provide advice regarding investment company securities. You should be aware that, in addition to the advisory fees you pay in connection with any of Redhawk's program, each investment company also pays its own separate investment advisory fees and other expenses. Such fees and expenses are disclosed in the mutual

fund's prospectus. In addition, clients should be aware that mutual funds may be purchased separately, in-dependent of the investment management services of Redhawk.

Moreover, you should note that under the rules and regulations of FINRA, Southeast and KDC have an obligation to maintain certain client records and perform other functions regarding certain aspects of the investment advisory activities of its registered representatives. These obligations require Southeast and KDC to coordinate with and have the cooperation of its registered representatives that operate as, or are otherwise associated with, investment advisers other than Southeast or KDC.

Certain IARs of Redhawk may, in their capacity as registered representatives of Mutual Securities, or as agents appointed with various life, disability or other insurance companies, receive commissions and/or other compensation from the respective product sponsors and/or as a result of effecting securities transactions for clients. Clients should note that they are under no obligation to purchase any investment products through Redhawk or its IARs.

Clients should be aware that the ability to receive additional compensation by Redhawk and its management persons or employees creates conflicts of interest that impair the objectivity of Redhawk and these individuals when making advisory recommendations. Redhawk endeavors always to put the interest of its clients first as part of its fiduciary duty as a registered investment advisor and take the following steps, among others, to address this conflict:

- Redhawk discloses to clients the existence of all material conflicts of interest, including the potential for Redhawk and its employees to earn compensation from advisory clients in addition to Redhawk's advisory fees.
- Redhawk discloses to clients that they have the right to decide to purchase recommended investment products from its employees.
- Redhawk collects, maintains, and documents accurate, complete and relevant client background information, including the client's financial goals, objectives, and liquidity needs.
- Redhawk conducts regular reviews of each client advisory account to verify that all recommendations made to a client are in the best interest of the client's needs and circumstances.
- Redhawk requires that its employees seek prior approval of any outside employment activity so that Redhawk may ensure that any conflicts of interests in such activities are properly addressed.
- Redhawk periodically monitors these outside employment activities to verify that any conflicts of interest continue to be properly addressed by Redhawk.
- Redhawk educates its employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

Redhawk does not have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities.

Additionally, management personnel of Redhawk and Financial Advisors affiliated with Redhawk may engage in outside business activities. As such, these individuals can receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of investment advisory Clients. Again, Clients are not under any obligation to engage these individuals when considering implementation of these outside recommendations. The implementation of any or all recommendations is solely at the discretion of the Client.

An owner of Redhawk is also an IAR and owner of an unaffiliated registered investment adviser, Associated Retirement Planners ("ARP"). ARP refers business to Redhawk and uses Redhawk's portfolios for investment management of ARP clients. ARP and Redhawk are committed to always act in its clients' best interest. Both firms have adopted policies and procedures designed to ensure that it is always acting in the best interests of a client and to mitigate any conflicts of interest.

Lastly, management personnel of Redhawk and Financial Advisors affiliated with Redhawk, may engage in outside business activities as business services consultants assisting businesses in providing payroll, human resource management, accountant, tax preparer and other business services. As such, these individuals can receive separate, yet customary commission compensation resulting from implementing these services. Again, Clients are not under any obligation to engage these individuals when considering implementation of these outside services. The implementation of any or all recommendations is solely at the discretion of the Client.

### 6.3 Code of Ethics

Redhawk has adopted a Code of Ethics which sets forth high ethical standards of business conduct that Redhawk require of its employees and is compliant with applicable federal securities laws.

Redhawk and its personnel owe a duty of loyalty, fairness, and good faith towards Clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code. Redhawk's Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, Redhawk's Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Redhawk's Code of Ethics also provides for oversight, enforcement, and recordkeeping provisions.

Redhawk's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While Redhawk does not believe that it has any access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

You may request a copy by sending an email to [support@redhawkwa.com](mailto:support@redhawkwa.com), or by calling Redhawk at 888-835-4295.

### 6.4 Review of Accounts

While the underlying securities within Clients' accounts are continually monitored, these accounts are reviewed at least annually by the Client's Financial Advisor. Accounts are reviewed in the context of the investment objectives and guidelines of each investment, the risk score, as well as any investment restrictions provided by the Client. More frequent reviews may be triggered by material changes in variables such as the Client's individual circumstances, or the market, political or economic environment. These Client account reviews are conducted by the Financial Advisor and submitted to Redhawk's Chief Compliance Officer for review.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that Clients receive from their custodian, Redhawk provides quarterly reports summarizing account performance and balances. These reports will also remind the Client to notify Redhawk if there have been changes in the Client's financial situation or investment objectives and whether the Client wishes to impose investment restrictions or modify existing restrictions.

### 6.5 Client Referrals and Other Compensation

Redhawk has entered into arrangements with independent third-parties such as other financial advisors, broker-dealers, or their representatives whereby Redhawk compensate the independent third parties, Financial Advisors, broker-dealers, or their representatives as summarized below, and the specifics of the arrangements are defined in an agreement between Redhawk and the party. Where applicable, the parties will comply with SEC Rule 206(4)-3 under the Investment Advisers Act of 1940 with respect to Solicitor Referral Arrangements.

#### 1. Brokers International, LTD ("BI")

Redhawk has a marketing agreement with BI whereby Redhawk earns an override on commissions if an IAR places an insurance product with a Client through BI.

#### 2. Lafayette Life Insurance Company ("Lafayette")

Redhawk has a marketing agreement with Lafayette whereby Redhawk earns an override on commissions if an IAR places an insurance product with a Client through Lafayette.

Redhawk also refers clients to Third-Party Money Managers (“TPMM”). TPMM will be paid an on-going fee by based upon a percentage of Client assets under management with respect to each TPMM. The Client will receive disclosure of all fees paid to Redhawk by the TPMM, which include the terms of the compensation arrangement and a description of the compensation paid, at the time of signing an advisory agreement directly with the TPMM and/or Redhawk.

## **6.6 Financial Information**

Under no circumstances does Redhawk require or solicit payment of fees in excess of \$1,200 per Client more than six months in advance of services rendered. Therefore, Redhawk is not required to include a financial statement. As an advisory firm that maintains discretionary authority for Client accounts, Redhawk is also required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual obligations. Redhawk has no additional financial circumstances to report. Redhawk has not been the subject of a bankruptcy petition at any time during the past ten years.

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