

**Item 1: Cover Sheet**

**FORM ADV PART 2A  
INFORMATIONAL BROCHURE**



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**This brochure provides information about the qualifications and business practices of Hart & Patterson Financial Group LLC. If you have any questions about the contents of this brochure, please contact us at 413.253.9594. 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. Our registration does not imply a certain level of skill or training.**

**Additional information about Hart & Patterson Financial Group LLC (CRD# 310639) is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2:        Statement of Material Changes**

In this Item it is required to discuss any material changes which have been made to the brochure. As this is the first issuance of the brochure, there are no material changes to report.

**Item 3: Table of Contents**

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INFORMATIONAL BROCHURE  
HART & PATTERSON FINANCIAL GROUP LLC

**Item 4:        Advisory Business**

Hart & Patterson Financial Group LLC (“HPFG”) has been in business since September 2020 as an independent registered investment advisor. The firm is owned by managing members Sue Patterson and Vikki Lenhart. HPFG provides personalized financial planning and investment management services to individuals, families, charitable organizations, and foundations. HPFG takes a proactive approach to financial planning which aims to ensure clients receive customized strategic advice, and both HPFG and the client will continually have a clear picture of client’s objectives and goals.

HPFG’s comprehensive planning process starts with a discovery meeting which is spent getting to know the client and what is most important to them, where the client is now financially, and what they would like their money to accomplish for them, both in the short term and long term. When appropriate for the client a customized plan is formed where we will weigh the financial implications of each goal discussed, and construct the framework for a plan that supports those goals while examining all aspects that impact financial life. The plan will become a working document that is co-created by both us and the client, to help make client decisions. It will be used for investment purposes where we will recommend specific strategies to help match each of the client’s goals. Although certain financial circumstances may evolve over time, everything discussed with the client will refer back to the plan to ensure a consistent path to the client’s goals is being taken. We believe that managing client assets ourselves in adherence to the custom plan created for each client allows us to mutually and effectively meet client goals and objectives.

When we perform asset management services within a plan, we will do so on a discretionary basis. This means that while we will continue an ongoing relationship with each client, being involved in various stages of their lives and decisions to be made, we will not seek specific approval of changes to client accounts. Because we take discretion when managing accounts, clients engaging us will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Advisory Agreement that outlines the responsibilities of both the client and HPFG.

In very limited circumstances, we may provide asset management services on a non-discretionary basis, which means we will consult with the client prior to implementing any investment recommendation. Clients should be aware that some recommendations may be time-sensitive, in which case recommendations not implemented because we are unable to reach a non-discretionary client may not be made on a timely basis and therefore client’s account may not perform as well as it would have had HPFG been able to reach the client for a consultation on the recommendation.

Financial Planning

In some circumstances, financial planning is available on a stand-alone basis. HPFG’s planning process begins with a discovery meeting where time is taken to gather information, understand client expectations and determine the right fit for pursuing a working relationship. The planning process includes assessing a client’s overall financial well-being, collaboratively designing a financial life plan and implementing the agreed upon strategies and actions. The process continues with the development of a blueprint for a continued team effort to manage ongoing plan execution.

### Assets Under Management

As of the date of this brochure, HPFG is a newly formed business, and as such, HPFG does not yet have any clients or assets under management.

## **Item 5: Fees and Compensation**

### **A. Fees Charged**

#### Asset Management

HPFG asset management fees range from 0.50% to 1.75% per annum of the net market value of a client's account managed by HPFG, as shown in the schedule below. Clients may pay a different fee in each account dependent on the assets within that account. Fees are negotiable and may be higher or lower than this range, based on the nature of the account, and the origin of the client.—Factors affecting fee percentages include the size of the account, complexity of asset structures, and any other unique factors that may exist. All clients, but especially those with smaller accounts, should be advised they may receive similar services from other professionals for higher or lower overall costs. Clients whose assets are managed by a third party manager will incur fees related to that manager, but their management fee payable to HPFG will be less than for those assets directly managed by HPFG.

#### Financial Planning

For clients whose assets are managed by HPFG, the financial planning fixed fee will vary, but generally ranges from \$1,500 to \$4,000. However, these fees are guidelines, subject to change according to the complexity of the plan and the specific client's circumstances. The cost of annual updates of financial plans is included in the asset management fee.

### **B. Fee Payment**

#### Asset Management:

For clients whose assets are managed by the firm, investment advisory fees will be debited directly from each client's account. The advisory fee is paid quarterly, in arrears, and the value used for the fee calculation is the net value as of the last market day of the previous quarter, including any cash in the client's account. For example, if your annual fee is 1.00%, each quarter we will multiply the value of your account by 1.00%, then divide by the number of days in that calendar year and multiply that number by days in the quarter to calculate our fee. To the extent there is cash in your account, it will be included in the value for the purpose of calculating fees only if the cash is part of an investment strategy. Once the calculation is made, we will instruct your account custodian to deduct the fee from your account and remit it to HPFG.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. HPFG is to invoice the qualified custodian for fees. Each quarter, the client will receive a statement from their account custodian showing all transactions in their account, including the fee. HPFG encourages clients to carefully review the statements and confirmations sent to them by their custodian, and to compare the information on reports prepared by HPFG against the information in the statements provided directly

from the custodian. Please alert HPFG of any discrepancies.

Fees payable to third party managers will be debited by the manager in question.

Financial Planning: Financial planning fees will be due upon receipt of the invoice.

C. Other Fees

There are a number of other fees that can be associated with holding and investing in securities. You will be responsible for fees including transaction fees for the purchase or sale of a mutual fund or Exchange Traded Fund, or the purchase or sale of a stock. Expenses of a fund will not be included in management fees, as they are deducted from the value of the shares by the mutual fund manager. For complete discussion of expenses related to each mutual fund, you should read a copy of the prospectus issued by that fund. HPFG can provide or direct you to a copy of the prospectus for any fund that we recommend to you.

Please make sure to read Item 12 of this informational brochure, where we discuss broker-dealer and custodial issues.

D. *Pro-rata* Fees

If a client becomes a client during a quarter, they will pay a management fee for the number of days left in that quarter. If clients terminate the relationship during a quarter, they will be entitled to a refund of any management fees for the remainder of the quarter they may have prepaid. Once the notice of termination is received, HPFG will assess pro-rated fees for the number of days between the end of the prior billing period and the date of termination to be paid in whatever way clients direct (check, wire). HPFG will cease to perform services, including processing trades and distributions, upon termination. For financial planning services, if the client terminates the relationship prior to the plan being delivered, the client will still receive all work that had been performed up until that point. Assets not transferred from terminated accounts within 30 (thirty) days of termination may be “de-linked”, meaning they will no longer be visible to HPFG and will become a retail account with the custodian.

E. Compensation for the Sale of Securities.

To permit HPFG clients to have access to as many investment solutions as possible, certain professionals of HPFG are registered representatives of Purshe Kaplan Sterling Investments, Inc. (“PKS”), a FINRA member broker-dealer. The relationship with PKS allows these professionals to provide additional products to clients’ portfolios that would not otherwise be available. Because PKS supervises the activities of these professionals as registered representatives of PKS, the relationship may be deemed material. However, PKS is not affiliated with HPFG or considered a related party. PKS does not make investment decisions for client accounts. Registered representative status enables these professionals to receive customary commissions for the sales of various securities, including those recommended to clients. Commissions charged for these products will not offset management fees owed to HPFG.

Receipt of commissions for investment products that are recommended to clients gives rise to a conflict of interest for the representative, in that the individual who will receive the commissions is also the individual that is recommending that the client purchase a given product. This conflict is disclosed to clients verbally and in this brochure. Clients are advised that they may choose to

implement any investment recommendation through another broker-dealer that is not affiliated with HPFG. HPFG attempts to mitigate this conflict by requiring that all investment recommendations have a sound basis for the recommendation, and by requiring employees to acknowledge their fiduciary responsibility toward each client.

**Item 6: Performance-Based Fees**

HPFG will not charge performance based fees.

**Item 7: Types of Clients**

Clients advised may include individuals, families, trusts, charitable organizations and foundations. HPFG does not impose a stated minimum fee or minimum portfolio value for starting or maintaining an investment advisory relationship.

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

It is important for you to know and remember that all investments carry risks. **Investing in securities involves risk of loss that clients should be prepared to bear.**

Each client's portfolio will be invested according to that client's investment objectives, which are ascertained through the financial planning process or through a review of the existing plan. Once we ascertain your objectives for each account, we will develop a set of asset allocation guidelines that will aide in executing the proper allocation strategy. Using fundamental analysis, we base our conclusions on predominantly publicly available research, such as regulatory filings, press releases, competitor analyses, and in some cases research we receive from our custodian or other market analyses.

The investment programs are not investment products. Clients may have different needs than others within the same investment program. Accordingly, not all clients in each investment program will have the exact same percentages of each underlying investment.

The investment strategies that we recommend are based on the needs of the client as compared with the typical behavior of that security type or manager, current market conditions, the client's current financial situation (including assets that may be managed by another advisor), financial goals, and the timeline to meet those goals. Because we develop an investment strategy based on your personal situation and financial goals, your asset allocation guidelines may be similar to or different from another client.

We may periodically recommend changes to the investment strategies and client portfolios to meet the guidelines of the asset allocation for the program or an individual client's objectives. It is important to remember that because market conditions can vary greatly, your asset allocation guidelines are not necessarily strict rules. Rather, we review accounts individually, and may deviate from the guidelines as we believe necessary.

When HPFG makes changes to an investment strategy, these changes may not be made simultaneously. Rather, some accounts may be modified before others. This may result in accounts

being traded earlier inadvertently having an advantage over accounts traded later.

Additionally, part of the HPFG process includes, where appropriate, involving multiple generations in order to facilitate family financial planning. This can increase the financial education of the later generations and manage expectations. However, potential for conflicts of interest exist with the exchange of intergenerational information. HPFG attempts to minimize these conflicts by treating each household as its own fiduciary relationship. Information can only be shared across generations with each household's consent.

### Third Party Managers

HPFG utilizes other managers to assist in the management of client assets. These managers are selected by HPFG after a process whereby HPFG (in unison with our custodian SEI Private Trust Company (SEI)) evaluates each manager's investment performance, operations, and offerings to determine if the manager would be a fit for HPFG clients. All third party managers are sourced through SEI. This process continues on an ongoing basis, throughout the time the client works with the third party manager. It is important to remember that any fees paid to these managers are separate from, and in addition to, fees paid to HPFG.

### Risk of Loss

There are always risks to investing. **Clients should be aware that all investments carry various types of risk including the potential loss of principal that clients should be prepared to bear.** It is impossible to name all possible types of risks. Among the risks are the following:

- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason, and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Currency Risk.** When investing in another country using another currency, the changes in the value of the currency can change the value of your security value in your portfolio.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Tax Risks Related to Short Term Trading:** Clients should note that HPFG may engage in short-term trading transactions. These transactions may result in short term gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long term strategies. HPFG endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts.
- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.



- **Financial Risk.** The amount of debt or leverage determines the financial risk of a company.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.
- **Short Sales.** “Short sales” are a way to implement a trade in a security HPFG feels is overvalued. In a “long” trade, the investor is hoping the security increases in price. Thus in a long trade, the amount of the investor’s loss (without margin) is the amount paid for the security. In a short sale, the investor is hoping the security decreases in price. However, unlike a long trade where the price of the security can only go from the purchase price to zero, in a short sale, the price of the security can go infinitely upwards. Thus in a short sale, the potential for loss is unlimited and unknown, where the potential for loss in a long trade is limited and knowable. HPFG utilizes short sales only when the client’s risk tolerances permit.
- **Risks specific to private placements, sub-advisors and other managers.** If we invest some of your assets with another advisor, including a private placement, there are additional risks. These include risks that the other manager is not as qualified as we believe them to be, that the investments they use are not as liquid as we would normally use in your portfolio, or that their risk management guidelines are more liberal than we would normally employ.
- **Information Risk.** All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Even an adviser who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the adviser to reach satisfactory investment conclusions.
- **Small Companies.** Some investment opportunities in the marketplace involve smaller issuers. These companies may be starting up, or are historically small. While these companies sometimes have potential for outsized returns, they also have the potential for losses because the reasons the company is small are also risks to the company’s future. For example, a company’s management may lack experience, or the company’s capital for growth may be restricted. These small companies also tend to trade less frequently than larger companies, which can add to the risks associated with their securities because the ability to sell them at an appropriate price may be limited compared to the markets as a whole. Not only do these companies have investment risk, if a client is invested in such small companies and requests immediate or short term liquidity, these securities may require a significant discount to value in order to be sold in a shorter time frame.
- **Concentration Risk.** While HPFG selects individual securities, including mutual funds, for client portfolios based on an individualized assessment of each security, this evaluation comes without an overlay of general economic or sector specific issue analysis. This means that a client’s equity portfolio may be concentrated in a specific sector, geography, or sub-sector (among other types of potential concentrations), so that if an unexpected event occurs that affects that specific sector or geography, for example, the client’s equity portfolio may be affected negatively, including significant losses.
- **Transition risk.** As assets are transitioned from a client’s prior advisers to HPFG there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments will need to be sold in order to reposition the portfolio into the asset allocation strategy selected by HPFG. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. The inability to transition a client’s holdings into recommendations of HPFG may adversely affect the client’s account values, as HPFG’s

recommendations may not be able to be fully implemented.

- **Restriction Risk.** Clients may at all times place reasonable restrictions on the management of their accounts. However, placing these restrictions may make managing the accounts more difficult, thus lowering the potential for returns.

- **Risks Related to Investment Term & Liquidity.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value. Further, some investments are made with the intention of the investment appreciating over an extended period of time. Liquidating these investments prior to their intended time horizon may result in losses.

- **REITs:** HPFG may recommend that portions of client portfolios be allocated to real estate investment trusts, otherwise known as “REITs”. A REIT is an entity, typically a trust or corporation that accepts investments from a number of investors, pools the money, and then uses that money to invest in real estate through either actual property purchases or mortgage loans. While there are some benefits to owning REITs, which include potential tax benefits, income and the relatively low barrier to invest in real estate as compared to directly investing in real estate, REITs also have some increased risks as compared to more traditional investments such as stocks, bonds, and mutual funds. First, real estate investing can be highly volatile. Second, the specific REIT chosen may have a focus such as commercial real estate or real estate in a given location. Such investment focus can be beneficial if the properties are successful, but lose significant principal if the properties are not successful. REITs may also employ significant leverage for the purpose of purchasing more investments with fewer investment dollars, which can enhance returns but also enhances the risk of loss. The success of a REIT is highly dependent upon the manager of the REIT. Clients should ensure they understand the role of the REIT in their portfolio.

- **MLPs:** HPFG may recommend that portions of client portfolios be allocated to master limited partnerships, otherwise known as “MLPs”. An MLP is a publicly traded entity that is designed to provide tax benefits for the investor. In order to preserve these benefits, the MLP must derive most, if not all, of its income from real estate, natural resources and commodities. While MLPs may add diversification and tax favored treatment to a client’s portfolio, they also carry significant risks beyond more traditional investments such as stocks, bonds and mutual funds. One such risk is management risk-the success of the MLP is dependent upon the manager’s experience and judgment in selecting investments for the MLP. Another risk is the governance structure, which means the rules under which the entity is run. The investors are the limited partners of the MLP, with an affiliate of the manager typically the general partner. This means the manager has all of the control in running the entity, as opposed to an equity investment where shareholders vote on such matters as board composition. There is also a significant amount of risk with the underlying real estate, resources or commodities investments. Clients should ask HPFG any questions regarding the role of MLPs in their portfolio.

- **BDCs (Business Development Companies):** Business Development Companies (BDCs) are a specific subset of investment companies that receive preferential tax treatment provided they meet certain investment restrictions and other regulatory requirements. Because BDCs are managed by third parties, and are frequently chosen for the perceived strength of their managers, the investment thesis, and tax treatment, the risks associated with a BDC investment generally follow directly from the manager, in that the manager ultimately controls the investments, and can adversely impact the tax treatment of the vehicle. Additional risks exist, and may be specific to the particular BDC. Accordingly, investors should carefully review the BDC’s prospectus and any addendums thereto.

**Item 9: Disciplinary Information**

There are no disciplinary items to report.

**Item 10: Other Financial Industry Activities and Affiliations**

**A. Broker-dealer**

To permit HPFG clients to have access to as many investment solutions as possible, certain professionals of HPFG are registered representatives of Purshe Kaplan Sterling Investments, Inc. (“PKS”), a FINRA member broker-dealer. The relationship with PKS allows these professionals to provide additional products to clients’ portfolios that would not otherwise be available. Because PKS supervises the activities of these professionals as registered representatives of PKS, the relationship may be deemed material. However, PKS is not affiliated with HPFG or considered a related party. PKS does not make investment decisions for client accounts. Registered representative status enables these professionals to receive customary commissions for the sales of various securities, including those recommended to clients. Commissions charged for these products will not offset management fees owed to HPFG.

**B. Futures Commission Merchant/Commodity Trading Advisor**

Neither the principal of HPFG, nor any related persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

**C. Relationship with Related Persons**

This item is not applicable.

**D. Recommendations of Other Advisers**

As discussed in Item 8, HPFG may recommend the use of one or more third party managers. While some manager’s may forward a portion of the fees it collects to HPFG, this fee is not a traditional “referral” fee in that it is not made in exchange for the referral of the client. Rather, it is an operational convenience so that the client’s fee for advisory services is deducted from one account at the same time rather than the client compensating HPFG separately. However, this arrangement may present a conflict of interest for HPFG, in that HPFG will have an economic incentive to recommend managers who will have fee rates favorable to HPFG’s share of fees, as opposed to fee rates most beneficial to the client. HPFG attempts to mitigate this risk through a thorough review of each manager, including the value for the fees to be paid, as well as requiring every HPFG associated person to acknowledge their fiduciary responsibility to clients.

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

**A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes**

discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.

B. Not applicable. HPFG does not recommend to clients that they invest in any security in which HPFG or any principal thereof has any financial interest.

C. On occasion, an employee of HPFG may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades are reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

D. On occasion, an employee of HPFG may purchase for his or her own account securities which are also recommended for clients at the same time the clients purchase the securities. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades are reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

## **Item 12: Brokerage Practices**

### **A. Recommendation of Broker-Dealer**

HPFG does not maintain custody of client assets; though HPFG may be deemed to have custody if a client grants HPFG authority to debit fees directly from their account (see Item 15 below). Assets will be held with a qualified custodian, which is typically a bank or broker-dealer. HPFG generally uses the brokerage and clearing services of SEI Private Trust Company (SEI). Factors which HPFG considers in recommending SEI or any other broker-dealer to clients include their financial strength, reputation, execution, pricing, research and service. Use of SEI enables HPFG to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by SEI may be higher or lower than those charged by other Financial Institutions. The commissions paid by HPFG's clients comply with HPFG's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where HPFG determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. HPFG seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other Financial Institutions with whom HPFG and the Financial Institutions have entered into agreements for prime brokerage clearing services. HPFG periodically

and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

The client may direct HPFG in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution, and HPFG will not seek better execution services or prices from other Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by HPFG (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, HPFG may decline a client’s request to direct brokerage if, in HPFG’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless HPFG decides to purchase or sell the same securities for several clients at approximately the same time. HPFG may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among HPFG’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among HPFG’s clients pro rata to the purchase and sale orders placed for each client on any given day.

To the extent that HPFG determines to aggregate client orders for the purchase or sale of securities, including securities in which HPFG’s Supervised Persons may invest, HPFG does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. HPFG does not receive any additional compensation or remuneration as a result of the aggregation. If HPFG determines that a pro rata allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, HPFG may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker dealers in return for investment research products and/or services which assist HPFG in its investment decision-making process. Research generally will be used to service all of HPFG’s clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client’s portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because it may influence HPFG’s choice of broker-dealer over another broker-dealer that does not provide the same research and/or services.

## B. Aggregating Trades

Commission costs per client may be lower on a particular trade if all clients in whose accounts the trade is to be made are executed at the same time. This is called aggregating trades. Instead of placing a number of trades for the same security for each account, we will, when appropriate, executed one trade for all accounts and then allocate the trades to each account after execution. If an aggregate trade is not fully executed, the securities will be allocated to client accounts on a *pro rata* basis, except where doing so would create an unintended adverse consequence (For example, if a *pro rata* division would result in a client receiving a fraction of a share, or a position in the account of less than 1%.)

## Directed Brokerage

HPFG allows clients to direct brokerage. “Directing” brokerage means choosing to maintain all or some of their assets with a broker-dealer that is not recommended by HPFG. HPFG may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients’ money because without the ability to direct brokerage HPFG may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices. Not all investment advisers allow their clients to direct brokerage.

## Item 13: Review of Accounts

All accounts and corresponding financial plans will be managed on an ongoing basis, with formal reviews with the client by a member of senior management on at least an annual basis. However, it is expected that market conditions, changes in a particular client’s account, or changes to a client’s circumstances will trigger a review of accounts.

The annual report in writing provided by HPFG is intended to review asset allocation. All clients will receive statements and confirmations of trades directly from the custodian. Please refer to Item 15 regarding Custody.

## Item 14: Client Referrals and Other Compensation

### A. Economic Benefit Provided by Third Parties for Advice Rendered to Client.

*Please refer to Item 12, where we discuss recommendation of Broker-Dealers.*

### B. Compensation to Non-Advisory Personnel for Client Referrals.

HPFG does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## Item 15: Custody

HPFG deducts fees from client accounts, but would not have custody of client funds otherwise. Clients will receive statements directly from SEI, and copies of all trade confirmations directly from SEI. Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. Each quarter, the client will

receive a statement from their account custodian showing all transactions in their account, including the fee.

We encourage clients to carefully review the statements and confirmations sent to them by their custodian, and to compare the information on reports prepared by HPFG against the information in the statements provided directly from SEI. Please alert us of any discrepancies.

#### **Item 16: Investment Discretion**

When HPFG is engaged to provide asset management services on a discretionary basis, we will monitor your accounts to ensure that they are meeting your asset allocation requirements. If any changes are needed to your investments, we will make the changes. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. You may at any time place restrictions on the types of investments we may use on your behalf, or on the allocations to each security type. You may receive at your request written or electronic confirmations from your account custodian after any changes are made to your account. You will also receive statements at least quarterly from your account custodian. Clients engaging us on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Advisory Agreement that outlines the responsibilities of both the client and HPFG.

#### **Item 17: Voting Client Securities**

Copies of our Proxy Voting Policies are available upon request. From time to time, shareholders of stocks, mutual funds, exchange traded funds or other securities may be permitted to vote on various types of corporate actions. Examples of these actions include mergers, tender offers, or board elections. Clients are required to vote proxies related to their investments, or to choose not to vote their proxies. HPFG will not accept authority to vote client securities. Clients will receive their proxies directly from the custodian for the client account. HPFG will not give clients advice on how to vote proxies.

#### **Item 18: Financial Information**

HPFG does not require the prepayment of fees of \$1,200 or more, more than six (6) months or more in advance and therefore has not provided a balance sheet with this brochure.

There are no material financial circumstances or conditions that would reasonably be expected to impair the ability to meet contractual obligations to clients.