

FORM ADV – PART 2A
Disclosure Brochure March 2021

H. BECK, INC.

2440 Research Boulevard, Suite 500
Rockville, Maryland, 20850
(301) 944-5900
www.hbeckinc.com

This Brochure provides information about the qualifications and business practices of H. Beck, Inc. If you have any questions about the contents of this Brochure, please contact us at (301) 944-5900. For additional information about H. Beck, Inc., visit our website at www.hbeckinc.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority.

H. Beck, Inc. is a Registered Investment Adviser (RIA) with the SEC. Registration of an investment adviser does not imply any level of skill or training.

Additional information about H. Beck, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 MATERIAL CHANGES

This Item 2 discusses only specific material changes that were made to our previous Form ADV 2A Brochure dated June 30, 2020. There were no material changes to our present Form ADV 2A Brochure.

On April 1, 2021, H. Beck, Inc., a dually registered broker-dealer and investment adviser, will undergo a reorganization pursuant to which it will transfer its registered investment advisory business to a newly formed entity, Grove Point Advisors, LLC. H. Beck, Inc. will remain a registered broker-dealer and change its name to Grove Point Investments, LLC. Both Grove Point Advisors, LLC and Grove Point Investments, LLC are wholly owned subsidiaries of a newlyformed holding company, Grove Point Financial, LLC, which is a wholly-owned subsidiary of Kestra Financial, Inc. Grove Point Advisors, LLC will succeed to and continued the investment advisory business formerly conducted by H. Beck, Inc. without interruption.

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Form ADV 2A Brochures within 120 days of the close of our business fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will provide you with a new Form ADV 2A Brochure as necessary based on material changes or new material information, at any time, without charge. Our current Form ADV 2A Brochure may be requested by contacting our IA Compliance Department at 800-333-6884.

Additional information about H. Beck, Inc. is available via the SEC's website at www.adviserinfo.sec.gov.

The SEC's web site also provides information about any persons affiliated with H. Beck, Inc. who are registered as investment adviser representatives of H. Beck, Inc.

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ITEM 4 ADVISORY BUSINESS

A. DESCRIPTION OF OUR FIRM & PRINCIPAL OWNERS

H. Beck, Inc. ("HBI" or "H. Beck") is registered with the Securities and Exchange Commission ("SEC") as both an investment adviser and a securities broker-dealer. HBI is also a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). As a broker-dealer, HBI offers a wide range of securities brokerage services and products, including mutual funds and variable insurance products.

HBI is a wholly owned subsidiary of Kestra Financial, Inc., ("Kestra") and has been registered with the SEC as an investment adviser since October 1999.

HBI provides investment advisory and brokerage services to a variety of clients, including individuals, businesses, and retirement plans. Clients may simultaneously receive both investment advisory and brokerage services from HBI. Our primary methods of providing investment advisory services are: 1) advisor managed accounts; 2) selection of other investment advisers; 3) financial planning; 4) wrap-fee programs; and 5) qualified and non-qualified retirement plan services. Our investment advisory services are provided through our investment adviser representatives ("IARs") located throughout the country. Our IARs may also be registered representatives of ours (i.e., registered with FINRA to sell securities) and licensed as insurance agents. To the extent your IAR provides fixed insurance products or services to you (other than fixed indexed annuities), he or she does so outside of HBI and our supervision.

Some of our IARs are also involved in other business activities, such as accounting, legal, tax, and other non-investment services for which we are not responsible. Unless otherwise provided by applicable law and the particular circumstances, services provided by our IARs outside of HBI will not be subject to a fiduciary standard. HBI does not provide legal or tax advice and you should consult your own attorney or tax advisor for guidance relative to your specific circumstances.

B. TYPES OF ADVISORY SERVICES OFFERED

Financial Planning

Financial planning services typically involve assisting clients in identifying long-term economic goals, analyzing their current financial situation, and preparing a financial program to achieve those goals. A comprehensive financial plan seeks to address a wide spectrum of a client's long-term financial needs, including insurance, savings, tax and estate planning, and investments, taking into consideration the client's goals and current situation. A modular financial plan seeks to address one or more, but not all of the client's long-term financial needs. These services incorporate a formalized and

personalized approach usually resulting in a written financial plan being provided to the client (“Financial Plan”). Financial Plans are provided in an array of formats and involve a variety of tools and techniques, including client questionnaires, educational materials, and financial software.

Process

Typically, your IAR will (i) conduct an initial interview to determine your concerns and planning needs, (ii) assist you in selecting the specific financial planning services needed, (iii) negotiate an appropriate fee for such services, (iv) schedule additional consultations to discuss your needs and objectives, (v) gather, review and analyze relevant information and (vi) summarize your situation and make general written recommendations to address your concerns and objectives.

In addition to the financial planning services discussed above, clients can engage our IARs for general financial advice. Examples of these services include, but are not limited to:

- Outside account monitoring – ongoing monitoring of a non-H. Beck account
- Asset allocation services – analysis of a client’s overall asset allocation or asset allocation analysis of a non-H. Beck account
- Advice on the pros and cons of a major financial decision

Financial planning services of this type may or may not result in a written document given to the client.

Financial Plans Are Generic

Financial planning services will include various recommendations and planning strategies, depending on the nature of the financial planning services selected. These may include recommendations to allocate your assets among generic product or account types. **The financial planning services do not include recommendations, however, to buy or invest in specific securities to implement a financial plan.** Implementation of financial planning recommendations is the client’s responsibility. The actions necessary to implement a financial planning recommendation, including the development of specific implementation recommendations, are not included in financial planning services, nor are the costs of such implementation included in the financial planning fees charged to the client.

In addition to being registered as an investment adviser, HBI is separately registered as a broker-dealer, and the IAR, in addition to being HBI’s investment advisor representative, is also a registered representative authorized to provide securities brokerage services through HBI. The IAR may also be an insurance agent licensed to

conduct business with one or more insurance companies. In those capacities, and separate from the financial planning services, the IAR may help you implement one or more financial planning recommendations included with the financial planning services.

If you accept the IAR's offer to assist with implementation of the financial plan, the IAR may make additional recommendations to invest in specific products or accounts or to purchase additional investment advisory services, but any such recommendations will be limited to those products, accounts and services that HBI has authorized the IAR to offer. For information about which products and services the IAR is authorized to offer on HBI's behalf, please reach out to your IAR or contact HBI at the telephone number on the first page of this Client Disclosure Brochure. **You are under no obligation to employ the IAR or HBI to implement the financial plan, or to purchase any investment or insurance product or obtain an advisory service from HBI or the IAR to implement the recommendations made in your financial plan.**

In circumstances where the IAR makes separate recommendations to implement a financial plan, the opportunity for the IAR and HBI (or its affiliates) to receive additional compensation as a result of such recommendations creates a conflict between your interests and those of HBI and the IAR. In addition, if you separately purchase a product or service recommended by the IAR to implement a financial planning recommendation, you generally will be charged commissions or fees in connection with those transactions and services that are separate from and in addition to the fees charged by HBI for financial planning services. Our obligations to you when we are acting as a broker-dealer or insurance agency differ from our obligations to you when we are acting as an investment adviser. Similarly, your IAR's obligations when acting as an insurance agent for you or providing securities brokerage services to you differ from your IAR's obligations to you when your IAR is acting as an investment adviser representative.

Termination

Delivery of your final financial plan terminates the planning services agreement. You may also terminate your planning services agreement upon written notice to us or by us upon written notice to you. The termination or expiration of your planning service agreement with us also results in the termination of the investment advisory relationship that exists between you and us in connection with that agreement. This means we and our IARs will no longer owe you any duties in connection with your planning services agreement even if you receive securities brokerage or other services from us.

Advisor Managed Accounts

With an Advisor Managed Account, your IAR will be responsible for managing your account consistent with your defined objectives and risk tolerance and may assist you to develop a personalized asset allocation program and custom-tailored portfolio. The

recommended portfolio will typically include investments such as mutual funds, exchange-traded funds, variable annuities, stocks, bonds, direct participation programs or a combination of these products. A portion of your account may also remain in cash or a money market fund.

In an Advisor Managed Account, your IAR typically will diversify your holdings across various asset classes unless your objective is to invest in specific assets. The percentage weightings within the asset classes will be based on your risk profile, investment objectives, individual preferences and availability. You will have the opportunity to meet with your IAR to periodically review the assets in your Advisor Managed Account. We recommend you and your IAR meet on a regular basis to review your financial situation, investment objectives and current holdings, and you should let your IAR know about any changes to your circumstances in the meantime.

You will maintain full and complete ownership of all assets held in your Advisor Managed Account. This means you retain the right to add or withdraw securities or cash, pledge securities, and vote securities. We will not pool your Advisor Managed Account assets with assets in other accounts. You will receive periodic statements from the account custodian.

We offer both discretionary and non-discretionary portfolio management services. If you want your IAR to have discretion over the timing and amount of securities purchased or sold in your account, you will be asked to sign an addendum authorizing your IAR to place orders for your account without contacting you in advance.

Portfolio Management

HBI currently has four portfolio management programs available to clients where the IAR acts as the portfolio manager: Advisor Choice Asset Management Program Plus; Choice Program; Portfolio Builder Program; and Envestnet Asset Management, Inc. - Advisor as Portfolio Manager (Envestnet APM). Each is discussed below.

Advisor Choice Asset Management Program Plus

Advisor Choice Asset Management Plus ("ACAMP+" or the "Program") is an IAR-directed wrap fee program sponsored by HBI through which clients receive investment advisory, administrative, execution, custody and clearing services for a bundled fee. HBI acts as both a broker-dealer and an investment adviser with respect to the Program and each client opens a brokerage account with HBI that will hold the client's assets covered by the Program. Pershing, LLC ("Pershing") acts as the clearing broker and qualified custodian for the Program. Trades in the Program generally are executed by HBI in its capacity as a broker-dealer and cleared through Pershing. Additional information on this directed brokerage arrangement appears in Item 12 below.

The investment advice under the Program is formulated by the IAR and generally is non-discretionary in nature, meaning HBI usually does not place securities orders without obtaining the prior approval of clients. Clients in ACAMP+ are required to review and approve their IARs' recommendations and HBI will not place securities orders without obtaining the prior approval of clients.

As a part of opening an account, HBI will obtain information regarding client investment objectives, risk tolerance, time horizon, and other financial characteristics ("Characteristics"). Based upon the information provided by the client, the client's IAR recommends a strategy that is appropriate for the client's Characteristics. Securities recommended may include mutual funds, exchange-traded funds, equities, fixed income securities, and options.

HBI is responsible for monitoring clients' ACAMP+ accounts on an ongoing basis to ensure adherence to the appropriate Strategy, and for the day-to-day and ongoing management of client accounts as well as the suitability of (i) the client's participation in ACAMP+, (ii) the client's Strategy and (iii) the investments in the client's account. In addition, HBI is responsible for keeping abreast of changes in client circumstances and how such changes may impact the appropriateness of ACAMP+, client Strategy or the investments in client accounts.

The advice provided by IARs to clients in ACAMP+ is tailored to the needs of clients. In most cases, the IAR will recommend long-positions in mutual funds, exchange traded funds, equity, fixed income and other securities.

Clients are able to request reasonable restrictions on the management of their ACAMP+ accounts or to modify existing restrictions. Clients interested in requesting or revising reasonable restrictions on the management of their ACAMP+ accounts should reach out to the IAR assigned to their account. Only restrictions agreed to by HBI are binding on HBI.

The IAR will consult with clients at least annually regarding the account and whether the client's Characteristics have changed. This review is designed to ensure that the performance, composition, and risk profile of the client's ACAMP+ account is still appropriate and consistent with the client's Characteristics. The IAR also will be available to clients on an ongoing basis to discuss client Characteristics, the account, or the securities therein or to process instructions from clients.

HBI arranges, through its clearing broker-dealer, Pershing, to deliver to clients confirmations of each purchase and sale of securities in client accounts, to deliver brokerage statements to clients for each month in which activity occurs in client accounts, to deliver quarterly statements to clients regardless of whether there has been activity in client accounts, and to provide other custodial functions customarily performed with respect to securities brokerage accounts. HBI also arranges for

Pershing to maintain custody of all assets in client accounts and to perform custodial services that include, among other things, crediting of interest and dividends on assets and crediting of principal on called or matured securities in accounts. HBI has also entered into an agreement with Pershing's affiliate, Lockwood Advisors, Inc. ("Lockwood"), to act as general administrator of client accounts, which includes charging and collecting account fees and processing, pursuant to client instructions transmitted by HBI, deposits to and withdrawals from ACAMP+ accounts.

HBI is authorized to follow the instructions of clients in every respect concerning the client's participation in the Program. However, HBI may reject such instructions if, in HBI's reasonable judgment, such instructions (i) are not consistent with the terms of the Program, or (ii) if implemented, would violate any applicable law, rule or regulation.

Clients are responsible for voting all proxies, consents, waivers and other documents regarding corporate actions, with respect to any securities held in their account. HBI will not vote proxies. Nor will HBI be responsible for taking action or rendering any advice with respect to securities held in ACAMP+ accounts that become subject to legal notices or proceedings, including bankruptcy proceedings.

Choice Program

The Choice Program ("Choice Program" or "Choice") is an IAR-directed model-based wrap fee program sponsored by HBI through which clients are provided investment advisory, custody, administrative, execution and clearing services for a bundled fee, all as more particularly described herein. HBI acts as both a broker-dealer and an investment adviser with respect to Choice accounts. In accordance with the Choice Program, each client opens a brokerage account ("account") with HBI that will hold the client's assets in Choice.

As a part of opening an account, the IAR will obtain information regarding client investment objectives, risk tolerance, time horizon, and other financial characteristics ("Characteristics"). Based upon the information provided by the client, the IAR may recommend a model-based asset allocation strategy ("Strategy") and a portfolio of securities that is appropriate for the client's Characteristics. Each Strategy is comprised of an asset allocation model that allocates a client's funds pursuant to the client's risk tolerance. A number of Strategies that span the risk-tolerance spectrum from conservative to aggressive are available in Choice.

HBI is responsible for monitoring client investments under Choice on an ongoing basis to ensure adherence to the appropriate Strategy, and for the day-to-day and ongoing management of client accounts as well as the suitability of (i) the client's participation in Choice, (ii) the client's Strategy and (iii) the investments in the client's account. In addition, HBI is responsible for keeping abreast of changes in client circumstances and how such changes may impact the appropriateness of Choice, client Strategy or the

investments in client accounts.

HBI's Strategy and securities recommendations will be consistent with client Characteristics and any reasonable guidelines or restrictions provided by clients in writing and agreed to by HBI. The IAR will consult with the client at least annually regarding the account and whether the client's Characteristics have changed. This review is designed to ensure that the performance, composition, and risk profile of client accounts are still appropriate and consistent with client Characteristics. The IARs also will be available to clients on an ongoing basis to discuss client Characteristics, accounts, or the securities therein or to process instructions from clients concerning accounts.

The Strategies and securities recommended by the IAR may vary from client to client. In most cases, HBI will recommend long-positions in mutual funds, exchange traded funds, and other equity and fixed income securities. The advice provided by the IAR under Choice generally is non-discretionary in nature. However, clients in Choice may be able to grant discretionary authority to HBI, via amendment to the investment management agreement, to enable the IAR to take the following actions without the client's consent: (i) replace any of the client's mutual fund holdings with mutual funds or other securities that have a similar objective and investment style (*e.g.*, large cap growth, small cap value, *etc.*) from a predetermined list of funds, and (ii) rebalance the client's Account holdings when they materially drift from the established target allocations established for the Strategy. Except as noted above, clients in Choice are required to review and approve of the IAR's Strategy and security recommendations and HBI will not place securities orders without obtaining the prior approval of clients.

Trades in client accounts generally are executed through HBI in its capacity as a broker-dealer and introduced to HBI's clearing broker-dealer, Pershing, LLC for settlement and clearance. Additional information on this directed brokerage arrangement appears in Item 12 below.

HBI arranges, through its clearing broker-dealer, Pershing, to deliver to clients confirmations of each purchase and sale of securities in client accounts, to deliver brokerage statements to clients for each month in which activity occurs in client accounts, to deliver quarterly statements to clients regardless of whether there has been activity in client accounts, and to provide other custodial functions customarily performed with respect to securities brokerage accounts. HBI also arranges for Pershing to maintain custody of all assets in client accounts and to perform custodial services that include, among other things, crediting of interest and dividends on assets and crediting of principal on called or matured securities in accounts. HBI has also entered into an agreement with Pershing's affiliate, Lockwood Advisors, Inc. ("Lockwood"), to act as general administrator of Accounts, which includes charging and collecting account fees and processing, pursuant to client instructions transmitted by HBI, deposits to and withdrawals from Choice accounts.

HBI is authorized to follow the instructions of clients in every respect concerning the client's participation in Choice. However, HBI may reject such instructions if, in HBI's reasonable judgment, such instructions (i) are not consistent with the terms of the Choice Program, or (ii) if implemented, would violate any applicable law, rule or regulation.

Clients are responsible for voting all proxies, consents, waivers and other documents regarding corporate actions, with respect to any securities held in their account. HBI will not vote proxies. Nor will HBI be responsible for taking action or rendering any advice with respect to securities held in Choice Program accounts that become subject to legal notices or proceedings, including bankruptcy proceedings.

Please see our firm's Form ADV Part 2A, Appendix 1 Choice Brochure for more information on these services.

Portfolio Builder Platform

Advisor as Portfolio Manager - Architect Series

The Portfolio Builder Platform ("Portfolio Builder" or the "Program") is an IAR-directed wrap fee program sponsored by HBI through which clients receive investment advisory, administrative, execution, custody and clearing services for a bundled fee. HBI acts as an investment adviser with respect to the Program and each client opens a brokerage account with HBI that will hold the client's assets covered by the Program. Pershing, LLC ("Pershing") acts as the clearing broker and qualified custodian for the Program. Trades in the Program generally are executed by HBI in its capacity as a broker-dealer, and cleared through Pershing.

Our relationship with Envestnet Asset Management, Inc. (Envestnet), an unaffiliated company, allows our IARs to provide you an Advisor Managed Account by using tools, resources and technology provided by Envestnet as part of the Portfolio Builder platform. Such tools, resources and technology include the ability to produce detailed proposals, creating investment models, allocating assets, monitoring your specifications on an account, aggregating trades and rebalancing an account. Through a Portfolio Builder Advisor Managed Account, your IAR generally invests your assets in individual equity or fixed income securities, as well as pooled investment vehicles such as mutual funds or hedge funds available through the Portfolio Builder platform. The Portfolio Builder Architect Series platform typically has a minimum investment amount required to establish a new account in each of four different Portfolio Builder programs. Generally, the Portfolio Builder Architect platform requires a minimum account level of \$50,000 for a single account in the Advisor Managed Program; \$50,000 for a single account in the Third Party Strategist program; \$100,000-\$250,000 for a single account in the Separate Managed Account program and \$150,000 for a single account in the

Unified Managed Account program. The Portfolio Builder Program Fee includes our firm, Envestnet, and custodial fees for the account. HBI may waive the account minimum from time to time at our discretion for related accounts.

Advisor as Portfolio Manager - Engineer Series

In acting as a portfolio manager for you as described in this brochure, Advisors generally invest in mutual funds and ETFs available through Pershing's FundVest Program. The Portfolio Builder Engineer Series program typically has a \$10,000 minimum account size requirement. The Portfolio Builder Engineer Series Program Fee includes our firm, Envestnet, and custodial fees for the account. The Advisor Fee accounts for advisory services provided by your financial advisor related to managing the account. Mutual fund, ETF, or other fees charged by the sponsoring companies are disclosed by prospectus. HBI may waive the account minimum from time to time at our discretion for related accounts.

Third-party Strategists - Blueprint Series

We have, or Envestnet has, entered into agreements with various third-party strategists that provide allocation models for investments in mutual funds and exchange-traded funds (ETFs).

Through this service, our Advisors use the models provided by these strategists to recommend an allocation of your assets among mutual funds and/or ETFs. Envestnet is responsible for the actual trading and investment of your assets based on the recommendation of our Advisor and strategist model. You may be restricted in your ability to directly contact and consult with the strategists or Envestnet, but our Advisors are available to address any questions, issues or concerns regarding the strategists or their models. The result is an account portfolio comprised of selected mutual funds and/or ETFs based on your investment objectives and risk tolerance. Blueprint accounts using third-party strategists typically have a minimum account size requirement of \$50,000. The Portfolio Builder Strategist Program Fee includes our firm, Envestnet, and custodial fees for the account. The Advisor Fee is for advisory services provided by your financial advisor in relation to managing the account. Mutual fund, ETF, and strategist fees charged by the sponsoring companies are disclosed by prospectus and the Statement of Investment Selection. In general, the ranges of fees are reflected in the Manager Portion of the Program Fee.

Third-party Strategists - Foundation Series

Foundation accounts using third-party strategists typically have a minimum account size requirement of \$10,000. The Portfolio Builder Foundation Series Strategist Program Fee includes our firm, Envestnet, and custodial fees for the account. The Advisor Fee is for advisory services provided by your financial advisor in relation to

managing the account. Mutual fund, ETF, and strategist fees charged by the sponsoring companies are disclosed by prospectus and the Statement of Investment Selection. In general, the ranges of fees are reflected in the Manager Portion of the Program Fee.

The Portfolio Builder Program (“Portfolio Builder” or the “Program”) is an IAR-directed wrap fee program sponsored by HBI through which clients receive investment advisory, administrative, execution, custody and clearing services for a bundled fee. HBI acts as both a broker-dealer and an investment adviser with respect to the Program and each client opens a brokerage account with HBI that will hold the client’s assets covered by the Program. Pershing, LLC (“Pershing”) acts as the clearing broker and qualified custodian for the Program. Trades in the Program generally are executed by HBI in its capacity as a broker-dealer and cleared through Pershing.

Prior to opening a Portfolio Builder account with us, your IAR will typically gather information or meet with you to create an investment profile for you and will discuss, among other things, your investment experience, investment objectives, risk tolerance and general financial condition. These investment profiles help your IAR recommend appropriate investment products and services to you under the Portfolio Builder platform. You will enter into an agreement with us setting forth terms and conditions of the advisory services relationship, including fees to be charged and authorization for your IAR to buy and sell securities in accordance with your investment objectives. You are encouraged to contact your IAR should you have questions about the management of your Portfolio Builder account.

HBI is responsible for monitoring client investments under the Portfolio Builder Program on an ongoing basis to ensure adherence to the appropriate Strategy, and for the day-to-day and ongoing management of client accounts as well as the suitability of (i) the client’s participation in Portfolio Builder, (ii) the client’s Strategy and (iii) the investments in the client’s account. In addition, HBI is responsible for keeping abreast of changes in client circumstances and how such changes may impact the appropriateness of Portfolio Builder, client Strategy or the investments in client accounts.

HBI’s Strategy and securities recommendations will be consistent with client Characteristics and any reasonable guidelines or restrictions provided by clients in writing and agreed to by HBI. The IAR will consult with the client at least annually regarding the account and whether the client’s Characteristics have changed. This review is designed to ensure that the performance, composition, and risk profile of client accounts are still appropriate and consistent with client Characteristics. The IARs also will be available to clients on an ongoing basis to discuss client Characteristics, accounts, or the securities therein or to process instructions from clients concerning accounts.

Trades in client accounts generally are executed through HBI in its capacity as a broker-dealer and introduced to HBI’s clearing broker-dealer, Pershing, LLC for settlement and clearance. Additional information on this directed brokerage arrangement appears in Item 12 below.

HBI arranges, through its clearing broker-dealer, Pershing, to deliver to clients confirmations of each purchase and sale of securities in client accounts, to deliver brokerage statements to clients for each month in which activity occurs in client accounts, to deliver quarterly statements to clients regardless of whether there has been activity in client accounts, and to provide other custodial functions customarily performed with respect to securities brokerage accounts. HBI also arranges for Pershing to maintain custody of all assets in client accounts and to perform custodial services that include, among other things, crediting of interest and dividends on assets and crediting of principal on called or matured securities in accounts.

The investment advice under the Program is formulated by the HBI IAR and generally is non-discretionary in nature, meaning HBI usually does not place securities orders without obtaining the prior approval of clients. However, clients are able to grant discretionary authority to HBI IARs to enable the IAR to recommend, suggest, make, order and direct transactions involving the Program Assets in the client's account. Most IARs are not able to exercise such discretion. Clients with questions about whether their IAR can exercise discretion should speak to their IAR. Aside from the exceptions noted above, clients in the Portfolio Builder Program are required to review and approve their IAR's recommendations and HBI will not place securities orders without obtaining the prior approval of clients.

An IAR receives additional economic benefit as a result of business with us in the form of reduced charges for the platforms and services we make available to the IAR for use with their clients, as well as additional compensation from HBI in the form of an increased payout. The reduced charges and additional compensation is generally based on the aggregate amount of assets of the IAR's clients that utilize platforms and services of us or our affiliates or other factors in our discretion. An IAR therefore has a financial incentive to recommend the Portfolio Builder Program over other platforms or services we provide. This additional financial benefit is not shared with you, which creates a conflict of interest based on incentive for an IAR to utilize the Portfolio Builder platform.

Other costs that may be assessed to you and that are not part of the Portfolio Builder Program Fee include dealer markups, electronic fund and wire transfers, spreads paid to market-makers, market maker spreads and exchange fees, among others. Any and all brokerage account fees, including retirement account annual custodial fees, apply to each of your accounts. The above-listed amounts do not include other amounts that you may be subject to, such as the initial and ongoing expenses paid to third-party investments or third-party pooled investment vehicles, such as mutual funds, annuities or alternative investments. Such expenses are usually set forth in the applicable offering document of the investment and are payable or borne by you in addition to any fee outlined above.

Clients are responsible for voting all proxies, consents, waivers and other documents

regarding corporate actions, with respect to any securities held in their account. HBI will not vote proxies. Nor will HBI be responsible for taking action or rendering any advice with respect to securities held in Portfolio Builder accounts that become subject to legal notices or proceedings, including bankruptcy proceedings.

Please see our firm's Form ADV Part 2A, Appendix 1 Portfolio Builder Brochure for more information on these services.

Envestnet APM

The Envestnet Advisor as Portfolio Manager program ("APM" or "APM Program") is an advisory program, which is sponsored by Envestnet Asset Management, Inc., that provides clients with a portfolio of securities recommended by their IAR. The IAR's advice is based on model portfolios that are constructed and rebalanced using the Envestnet web-based investment platform.

Each client in APM completes an investor profile questionnaire (the "Questionnaire") providing the client's investment objectives, risk tolerance and investment time horizon for the client's program assets. The IAR then provides the client with an investment proposal (the "Investment Proposal") that contains a proposed model asset allocation strategy for allocating the client's program assets among a combination of asset classes in the capital markets. The Investment Proposal is based upon and objectively correlated to the Questionnaire responses and assists the client in making informed asset allocation decisions. The Investment Proposal allocates a client's funds pursuant to the client's risk tolerance.

HBI is responsible for monitoring client investments under APM on an ongoing basis to ensure adherence to the model asset allocation recommended to and approved by the client, and for the day to day and ongoing management of client accounts as well as the suitability of (i) the client's participation in APM, (ii) the client's recommended Investment Proposal and (iii) the investments in the client's account. In addition, HBI is responsible for keeping abreast of changes in a client's circumstances and how such changes may affect the appropriateness of APM, the recommended Investment Proposal, or the investments in the client's account.

In response to the Investment Proposal, the client may seek to impose reasonable restrictions on the percentage of program assets allocated to certain asset classes. Any restrictions that a client seeks to impose on an allocation to a particular asset class that is accepted by HBI may result in the development of an asset allocation proposal for the client that deviates from the allocation HBI would otherwise propose.

The IAR will consult with a client at least annually regarding the account and whether the client's financial circumstances have changed. This review is designed to ensure that the performance, composition, and risk profile of the account is still appropriate

and consistent with the client's financial circumstances. The IAR also will be available on an ongoing basis to discuss a client's account and the securities therein or to process instructions from clients concerning the account.

In most cases, the IAR will recommend long-positions in mutual funds, exchange traded funds, and other equity and fixed income securities. The advice provided under the APM program is non-discretionary in nature and clients must decide whether to accept or reject HBI's recommendations. HBI will not place securities orders in APM accounts without obtaining the prior approval of clients.

HBI arranges, through its clearing broker-dealer, Pershing, to deliver to clients confirmations of each purchase and sale of securities in client accounts, to deliver brokerage statements to clients for each month in which activity occurs in client accounts, to deliver quarterly statements to clients regardless of whether there has been activity in client accounts, and to provide other custodial functions customarily performed with respect to securities brokerage accounts. HBI also arranges for Pershing to maintain custody of all assets in client accounts and to perform custodial services that include, among other things, crediting of interest and dividends on assets and crediting of principal on called or matured securities in accounts.

HBI is authorized to follow the instructions of clients in every respect concerning the client's participation in APM. However, HBI may reject such instructions if, in HBI's reasonable judgment, such instructions (i) are not consistent with the terms of the APM Program, or (ii) if implemented, would violate any applicable law, rule or regulation.

Clients are responsible for voting all proxies, consents, waivers and other documents regarding corporate actions, with respect to any securities held in their account. HBI will not vote proxies. Nor will HBI be responsible for taking action or rendering any advice with respect to securities held in APM Program accounts that become subject to legal notices or proceedings, including bankruptcy proceedings.

Portfolio Management – Recommendation of Other Advisers

Our IARs can delegate investment advisory responsibilities or discretionary authority to a third-party investment adviser through external advisory platforms that are offered at HBI. Typically, you will enter into an agreement directly with that third party, which will outline, among other things, the fees and trading of your account by that investment adviser. Depending on the Advisory Program, you either pay us directly or pay one fee to the third-party investment adviser, who will then remit a portion of the fee to us. You will receive a copy of both the third-party investment adviser's brochure as well as this document if we and the third party are acting as co-investment advisers. If investment advisory services are delegated to a third party investment adviser, your IAR will monitor your assets and will provide services such as, but not limited to, helping you choose the third party investment adviser, reviewing your accounts, and assisting you with administrative functions related to your portfolio.

On a non-discretionary basis HBI makes available various programs that provide asset allocation services, recommendations for the purchase and sale of individual securities, and/or access to one or more investment management firms. Some of these asset allocation services involve the use of model asset allocation portfolios that diversify your assets among asset classes and styles using either mutual funds or individual securities. Each of the model portfolios employed in these programs represents a different asset allocation strategy. With some programs, we first develop an allocation strategy consistent with your investment objective and then recommend one or more investment management firms to manage individual securities consistent with your allocation strategy. In all cases, your account is invested in accordance with the strategy you choose.

HBI will assist you in reviewing one or more of the investment management programs, their terms and conditions, and the options thereunder. HBI will collect certain financial information from you; review your investment objective, investment time horizon, and risk profile; and recommend a program and allocation strategy appropriate for you. However, you are solely responsible for selecting a program and allocation strategy appropriate for you.

Some of the advisory programs HBI recommends are available from other investment advisers, possibly at a lower fee than HBI charges. The services of some of the investment managers available through our programs are available directly without payment of fees to us.

You will be provided confirmations of all of the transactions that occur in your account, statements at least quarterly showing all activity in your account, and quarterly performance reports for your account. Confirmations and statements are not provided by us and are generally provided by the custodian of your account. Performance reports are generally provided by the sponsor of the program.

HBI generally will review your account with you at least once each year to determine whether the assets in your account are allocated consistently with the allocation strategy you selected. The review covers such things as changes in the value of your account, the success of your allocation strategy in meeting your investment needs and objectives, whether any material changes have taken place in your financial circumstances or investment objectives, and any recommendations HBI makes with respect to your account(s). HBI will also be available on an ongoing basis to discuss any changes that may have occurred in your circumstances or investment objective.

It is your responsibility to advise us or your IAR if there have been any changes in your situation or investment objectives, or any other changes, that would affect the manner in which your account should be managed.

HBI is not responsible for any adverse tax consequences of purchases or sales of securities

in your account(s), whether such transactions are related to rebalancing of your account, maintaining your account in accordance with a model portfolio, the payment of our or other parties' fees, liquidation of your account, or otherwise, including any penalties on early withdrawals from retirement accounts. You should consult your tax professional regarding all such matters.

HBI is not responsible for any third party's actions, inactions, performance, or compliance with law. Third parties include, but are not limited to, sponsors or co-sponsors of the programs, portfolio managers, investment managers, sub-managers, custodians, executing brokers, etc.

HBI provides investment advisory services to other clients and may give different advice, or take different action for, any other client than the advice HBI gives you or the actions HBI takes for you. HBI and our affiliates (and their respective partners, directors, officers, agents and employees) may buy, sell, or trade securities for their own accounts and such actions may differ from the actions HBI takes for you.

Clients are responsible for any and all fees related to the transfer or liquidation of their assets as well as the costs assessed on the accounts in which the assets are maintained after the termination of their account, including, but not limited to: (i) commissions or other charges imposed by broker-dealers or other entities for executing and/or clearing transactions; (ii) transaction fees (e.g. sales loads or deferred sales charges) related to investments in collective investment vehicles (e.g. mutual funds); (iii) dealer markups or markdowns; (iv) costs relating to trading in foreign securities; (v) expenses charged by a retirement plan, (vi) costs related to individual retirement accounts; (vii) charges imposed by law; and (viii) custodial fees. Therefore, you should carefully review all the documents related to your account for a full description of any such fees. You should consult your tax professional regarding any tax consequences related to the liquidation of your account.

Recommendation of Third-Party Investment Advisers

HBI also has access to and recommends investment advisory programs in which third-party investment advisers manage clients' assets. These programs provide clients the opportunity to receive the investment management expertise of a diverse set of advisers that specialize in different asset classes and investment styles and utilize different portfolio management techniques.

To ensure the third party investment advisers and their approaches to portfolio management are suitable for clients and consistent with their investment objectives and financial circumstances, HBI conducts due diligence of third party investment advisers before they are added to the platform of advisers available to HBI clients. HBI also conducts diligence of third- party investment advisers on an ongoing basis to ensure they continue to be suitable for HBI clients.

Based on a client's individual circumstances and needs, HBI's IARs will recommend an appropriate investment advisory program to the client. Factors considered in making recommendations include account size, risk tolerance, the opinion, needs and financial characteristics of the client, and the investment philosophy and approach of the third-party investment adviser. HBI will provide this information to the program sponsors selected by the client.

The services that HBI and our IARs provide vary from program to program. In some third-party programs, neither HBI nor the IARs provide investment advice regarding the investment of client assets that are in the programs. With other third-party programs, HBI and our IARs provide investment advice with respect to these assets that are distinct from the advice the third-party advisers provide. These services are summarized below:

Co-Advisory Relationship

- **Assetmark Privately Managed Account Program.** HBI and the IAR furnish continuous advice as to the investment of the client's portfolio based on the client's objectives and instructions and are responsible for determining that the strategy selection for the client's portfolio are suitable and appropriate based on these objectives and instructions. The IAR is available to the client for consultations regarding the administration of the account and the client's financial situation and investment objectives.
- **Buckingham Strategic Wealth Structured Investing Portfolio Services Program.** HBI and the IAR make recommendations that reflect the client's individual needs and objectives. The recommendations allocate portions of a client's account to various assets classified according to historical and projected risks and rates of return. The IAR reviews the recommendations with the client, and the client has the opportunity to accept or reject any recommendation. The IAR also is authorized to rebalance the client's account in accordance with the client's guidelines for asset class allocations. Furthermore, clients provide HBI and the IAR with a limited power of attorney to authorize HBI and the IAR to provide instructions to Buckingham Strategic Wealth with respect to the client's account, and to take all other actions necessary or incidental to execution of such instructions. HBI and the IAR are authorized pursuant to this limited power of attorney, to provide instructions to Buckingham Strategic Wealth on transactions in the client's account in accordance with instructions provided by the client to HBI and the IAR.
- **Manning & Napier.** HBI and its IAR provide investment advisory services to the client. These services include: choosing appropriate investment objectives; setting out special instructions for the management of assets in the account; updating such objectives and instructions as appropriate; understanding the investment management process, investment objectives, and the investment strategies

undertaken in connection with the program; and monitoring reports, statements and performance results.

- **Morningstar Managed Portfolios.** HBI's IAR reviews the client's responses to the program questionnaire and assists the client in determining the most appropriate portfolio for the client from among the portfolios available under the program. Furthermore, the IAR is responsible for determining whether the client's clearing and custody fees are charged on an "asset" or "per transaction" basis.
- **SEI Asset Management Program.** Under this program, client grants HBI and the IAR a limited power of attorney with respect to trading authorization so that HBI and the IAR can instruct the custodian of the account to reallocate the client's investments in accordance with the client's asset allocation policy, and so that HBI and the IAR can direct the custodian to rebalance the investments within the account at least quarterly.

Referral/Solicitor Relationship

HBI has entered into agreements with various third-party investment advisers that participate in, manage, or sponsor different types of money management services and investment advisory programs. Depending on our relationship with the third party, our IARs may solicit clients for such third parties, in which case HBI will not provide investment advice or have discretionary authority over your assets. These solicitation arrangements are structured in accordance with the cash solicitation rule 206(4)-3 under the Investment Advisers Act of 1940 ("Advisers Act") which requires, among other things, that HBI disclose to you the compensation HBI will receive for referring you to a third-party adviser.

Where HBI acts solely as a solicitor, you will not enter into an agreement directly with HBI and HBI is not responsible for the services provided by the third-party investment adviser. In such an arrangement, you establish a direct relationship with the third-party investment adviser, and HBI will receive a solicitation fee from the adviser based on a percentage of the advisory fee they charge you. The amount of the fee varies by the solicitation arrangement with a maximum fee of 3%. The solicitor disclosure you receive when you establish an account with the third-party adviser will specify the total fee you will be charged, and what portion of that fee is payable to HBI. You should read the third-party adviser's brochure and any compensation disclosure statements provided in connection with these solicitation arrangements for information regarding the services of the third-party adviser and applicable fees and charges.

With respect to all third-party investment advisory programs, HBI will meet with the client on a regular basis, or as determined by the client, to review the account. HBI will contact the client on at least an annual basis to review the client's investments and to

determine whether the client wishes to impose or modify reasonable restrictions on the management of their account. HBI will also provide updated information about the clients' financial circumstances as necessary to program sponsors.

Every client that has selected a third-party investment adviser should receive a copy of the adviser's Form ADV 2A disclosure brochure. This document should be reviewed carefully as it will contain details about the third-party investment adviser, its advisory business, methods of analysis and investment strategies, fees, conflicts of interest, and other important information.

Retirement Plan Services

Plan Level Advisory Services

We provide services to pension, retirement, and profit-sharing plans and to the sponsors of such retirement plans. HBI, through a select group of its IARs, provides fiduciary services under the Employment Retirement Income Security Act of 1974, as amended, which include investment policy statement consultation and review, performing due diligence review on and recommending investment options, and monitoring investment performance. We also provide various non-fiduciary services, including but not limited to assistance with provider selection and participant enrollment and education. For more detailed information about the services, see the retirement plan advisory services agreement that you entered into with HBI.

In order to receive retirement plan services, you are required to execute a retirement plan advisory services agreement.

The retirement plan advisory services agreement may be terminated at any time by either party upon sixty (60) days' written notice to the other party.

C. HOW SERVICES ARE TAILORED TO FIT YOUR NEEDS

HBI's investment advisory services are tailored to the individual needs of our clients. The advice provided is based on the financial circumstances of the client. Where possible clients may impose reasonable restrictions on investing in certain securities or types of securities that are accepted by HBI.

You should promptly notify us if there is a change in your financial circumstances or investment objectives so we may confirm any prior recommendations remain appropriate going forward or advise you as to any proposed changes.

D. WRAP FEE PROGRAMS

As noted above, in addition to the investment advisory services and programs offered by other advisors described in this Brochure, HBI sponsors three wrap-fee investment advisory programs: ACAMP+, Choice and Portfolio Builder. These Programs are described more extensively in their own separate wrap-fee program brochures.

E. MANAGEMENT OF CLIENT ASSETS

HBI manages client assets on both a discretionary basis and a non-discretionary basis. As of February 26, 2021, HBI had a total of \$1,979,514,896 in assets under management, with \$421,183,180 of such assets managed on a discretionary basis, and \$1,558,331,716 of such assets managed on a non-discretionary basis.

ITEM 5 FEES AND COMPENSATION

Financial Planning

Financial or business planning services are provided in exchange for an hourly fee ranging from \$50 to \$500 per hour or a fixed fee, which in either case is negotiable. This fee may vary significantly from client to client based upon the complexity of the client's financial position, the client's financial objectives, and whether the plan is a comprehensive financial plan or a modular financial plan. Whether a client pays on an hourly basis or pays a fixed fee, the maximum fee that may be charged for a single financial plan is \$10,000 unless approved otherwise by HBI. Fees may be charged either in advance or arrears, but clients may not prepay fees more than six months in advance. In a situation where fees are payable before the service is provided, the fees will be pro-rated based on the amount of work already conducted if the client elects an early termination of the advisory service.

Portfolio Management

ACAMP+

Each client in ACAMP+ pays an annualized asset-based fee "Program Fee" that includes the costs of investment advisory, execution, clearance, and administrative services provided by HBI and Pershing (exclusive of certain charges associated with securities transactions described below and charges for optional services). Pershing deducts the Program Fee from the account, maintains a portion of this fee for the services it provides and pays the rest to HBI ("ACAMP+ Fee"). HBI then pays the IAR a portion of the amount it receives.

The maximum Program Fee schedule is set forth in the table below and is negotiable. In negotiating the fee, an IAR may take into consideration, among other things, the amount of assets in the ACAMP+ account, whether the client maintains other securities brokerage or investment advisory relationships with HBI, the amount of assets in such other accounts, and the duration and scope of the client's relationship with HBI.

Program Fees are charged quarterly in advance and calculated quarterly based on the market value of the client's program assets as of the last business day of the preceding calendar quarter.

Asset Level	Program Fee	Maximum Advisor Fee	Maximum Total Fee
First \$250,000	0.10%	2.00%	2.10%
\$250,001-\$500,000	0.10%	1.90%	2.00%
\$500,001-\$1,000,000	0.10%	1.80%	1.90%
\$1,000,001-\$5,000,000	0.10%	1.40%	1.50%
\$5,000,001+	0.10%	1.00%	1.10%

HBI is compensated for its services through the ACAMP+ Fees paid by clients as described above. Each IAR with clients in ACAMP+ is compensated by HBI for providing investment advisory and related services. The amount of this compensation may be more than what the IAR would receive if the client participated in other advisory programs provided by HBI, or paid separately for investment advice, brokerage and other services. Therefore, an IAR may have a financial incentive to recommend ACAMP+ over other advisory programs or services.

The Program Fee does not include certain fees and charges associated with securities transactions, including the following: (i) charges imposed by law; (ii) operating expenses charged by collective investment vehicles, such as mutual funds, closed-end funds, unit investment trusts, exchange-traded funds, or real estate investment trusts; (iii) costs relating to trading in certain foreign securities; and (iv) fees for optional services elected by clients. Pershing also charges interest on any outstanding loan balances to clients who borrow money from it. A client also may be charged for specific account services, such as ACAT account transfers, annual and termination fees for retirement accounts, wire transfer charges, and charges for other optional services selected by the client. See the brokerage agreement or ask your IAR for more information regarding these fees.

The total fees charged under the Program may be higher than what another investment adviser would charge for a similar set of services, or what HBI or another investment adviser would charge if the investment advisory and securities brokerage services were provided separately. The relative cost of ACAMP+ is affected by such factors as the administrative costs associated with wrap fee arrangements, the fees charged when investment adviser and brokerage services are purchased separately, the size of the client's account, and the level of trading activity in the client's account.

Clients that have accounts that do not trade or rarely trade and/or with high cash balances should be aware that a wrap fee program might be a relatively expensive account option. This is because the cost of trading is included in the wrap fee and such a client would be paying for services he or she does not receive. In addition, there generally is a disincentive for the investment adviser to trade in wrap program accounts since trading costs are built into the asset based wrap fee charged to the client and the adviser has to pay for the execution of such trades. Accordingly, increased trading usually increases the costs that must be borne by the investment adviser.

The IARs are charged a transaction fee for each transaction in ACAMP+ accounts, which creates an incentive for them to recommend fewer trades in such accounts. The IARs are not charged transaction fees on transactions in other investment advisory programs sponsored by HBI. This aspect of the ACAMP+ Program creates an incentive for an IAR to recommend that clients choose another investment advisory program over ACAMP+.

However, there is another aspect of the ACAMP+ Program Fee structure, as compared to the Choice Program Fee structure, that creates an incentive for an IAR to recommend that a client select the ACAMP+ Program. In particular, the Choice Program Fee includes a 25 bps platform fee that is paid by the client and is not shared with the IAR. The ACAMP+ Program Fee has a 10 bps platform fee paid by the client that is not shared with the IAR. This means that for a given Program Fee paid by clients IARs receive a higher share of the total ACAMP+ Program Fee as compared to the Choice Program Fee. As a result, depending on the number of transactions executed, an IAR's total amount of compensation could be higher if he/she recommends the ACAMP+ Program over the Choice Program. The difference in an IAR's share of the ACAMP+ Program Fee compared to the IAR's share of the Choice Program Fee is likely to exceed the amount of transaction fees the IAR would pay in connection with transactions in ACAMP+ accounts. Clients should be aware of the conflict of interest that their IARs have in connection with the recommendation of ACAMP+ and Choice accounts.

HBI may receive 12b-1 fees from mutual funds in which a client's assets are invested under ACAMP+. The receipt of such fees is in addition to the investment advisory fees received by HBI under ACAMP+. However, HBI credits back to each client's account an amount equal to the 12b-1 fees received by HBI.

In addition to the ACAMP+ Program Fee, HBI receives payments, commonly referred to as revenue sharing, from certain of the investment advisers, principal underwriters, or other affiliates of the mutual funds in which clients' accounts may be invested. None of the compensation we receive under these arrangements is credited back to clients or offset against our investment advisory fees. Accordingly, these payments present a conflict of interest for us to recommend mutual funds that make these payments to us over mutual funds that do not make such payments.

In the event a client's agreement is terminated prior to the last day of a calendar quarter, a

pro-rata portion, based upon the number of days remaining in such quarter, of the quarterly program fee with respect to ACAMP+ Program assets paid in advance, will be refunded to the client.

***Please refer to the ACAMP+ Part 2A, Appendix 1 of Form ADV for additional information regarding fees associated with the ACAMP+ Program.**

Choice Program

Each client in the Choice Program pays an annualized asset-based fee (the “Choice Fee”), which includes the costs of investment advisory, execution, clearance, administrative and other services provided by HBI, Pershing, and Lockwood (exclusive of certain charges associated with securities transactions described below and charges for optional services). The Choice Fee is comprised of two components: (i) the “Program Fee” charged by HBI for the services HBI, Pershing, and Lockwood provide under the Program and (ii) the “IAR Fee”, which is the fee charged for the services provided by HBI through its IARs.

Lockwood deducts the Choice Fee from the account and pays both the Program Fee and the IAR Fee to HBI. The Choice Fee is set forth in the table below. HBI retains a portion of the IAR Fee and pays a portion of the IAR Fee to the IARs. The IAR Fee is negotiable, subject to maximum limits shown in the table below, by the client and the IAR. In negotiating the IAR Fee, the IAR may take into consideration, among other things, the amount of assets in the Choice account, whether the client maintains other securities brokerage or investment advisory relationships with HBI, the amount of assets in such other accounts, and the duration and scope of the client’s relationship with HBI.

Choice Fees are charged quarterly in advance and calculated quarterly based on the value of the assets in the client’s Choice Program account on the last business day of the prior quarter.

Asset Level	Maximum IAR Fee	Program Fee	Maximum Total Choice Fee
First \$250,000	2.00%	0.25%	2.25%
Next \$250,001 - \$500,000	1.90%	0.25%	2.15%
Next \$500,000 - \$1,000,000	1.80%	0.22%	2.02%
Next \$1,000,001-\$2,000,000	1.40%	0.19%	1.59%
Next \$2,000,001-\$3,000,000	1.40%	0.15%	1.55%
Next \$3,000,001-\$4,000,000	1.40%	0.12%	1.52%
Next \$4,000,001-\$5,000,000	1.40%	0.10%	1.50%
Over \$5,000,000	1.00%	0.06%	1.06%

Lockwood charges a fee to HBI (the “Lockwood Fee”) to cover the expenses associated with the administrative, clearing and custodial services provided by Lockwood and

Pershing in connection with the Choice Program, which HBI pays to Lockwood quarterly. The Lockwood Fee is included in the Program Fee and, therefore, in the total Choice Fee described above.

The Choice Fee does not include certain fees and charges associated with securities transactions, including the following: (i) charges imposed by law; (ii) operating expenses charged by collective investment vehicles, such as mutual funds, closed-end funds, unit investment trusts, exchange-traded funds or real estate investment trusts; (iii) costs relating to trading in certain foreign securities; and (iv) fees for optional services elected by clients. Pershing also charges interest on any outstanding loan balances to clients who borrow money from it. Clients also may be charged for other specific account services as described in HBI's commission and fee schedule, such as ACAT account transfers, annual and termination fees for retirement accounts, wire transfer charges, and charges for other optional services selected by the client. See the brokerage agreement or ask your IAR for more information regarding these fees.

The total fees charged under Choice may be higher than what another investment adviser would charge for a similar set of services, or what HBI or another investment adviser would charge if the investment advisory and securities brokerage services were provided separately. The relative cost of the Program is affected by such factors as the administrative costs associated with wrap fee arrangements, the fees charged when investment adviser and brokerage services are purchased separately, the size of a client's account, and the level of trading activity in the client's account.

Clients that have accounts that do not trade or rarely trade and/or with high cash balances should be aware that a wrap fee program might be a relatively expensive account option. This is because the cost of trading is included in the wrap fee and such a client would be paying for services he or she does not receive. In addition, there generally is a disincentive for the investment adviser to trade in wrap program accounts since trading costs are built into the asset based wrap fee charged to the client and the adviser has to pay for the execution of such trades. Accordingly, increased trading usually increases the costs that must be borne by the investment adviser. However, specifically in the Choice program the fee charged to HBI for execution is based on aggregated assets in the entire program, which significantly mitigates the conflict of interest.

HBI is compensated for its services through the Choice Fees paid by clients as described above. Each IAR with clients in Choice is compensated by HBI for providing investment advisory and related services. The amount of this compensation may be more than what the IAR would receive if the client participated in other advisory programs provided by HBI, or paid separately for investment advice, brokerage and other services. Therefore, an IAR may have a financial incentive to recommend Choice over other programs or services.

HBI may receive 12b-1 fees from mutual funds in which a client's assets are invested under Choice. The receipt of such fees is in addition to the investment advisory fees received by

HBI under Choice. However, HBI credits back to each client's account an amount equal to the 12b-1 fees received by HBI.

In addition to the Choice Fee, HBI receives payments, commonly referred to as revenue sharing, from certain of the investment advisers, principal underwriters, or other affiliates of the mutual funds in which clients' accounts may be invested. None of the compensation we receive under these arrangements is credited back to clients or offset against our investment advisory fees. Accordingly, these payments present a conflict of interest for us to recommend mutual funds that make these payments to us over mutual funds that do not make such payments.

In the event a client's agreement is terminated prior to the last day of a calendar quarter, a pro-rata portion, based upon the number of days remaining in such quarter, of the quarterly Choice Fee with respect to Choice Program assets paid in advance, will be refunded to the client.

***Please refer to the Choice Part 2A, Appendix 1 of Form ADV for additional information regarding fees associated with the Choice Program.**

Portfolio Builder

Advisor as Portfolio Manager (Architect Series)

The APM Program, which is operated on the Envestnet platform, provides the ability to the IAR to produce detailed proposals, create investment models, allocate assets, monitor client specifications on an account, aggregate trading and rebalance an account. In acting as a portfolio manager for you as described in this brochure, IARs generally invest in individual equity or fixed income securities as well as pooled investment vehicles such as mutual funds. Please see our firm's Form ADV Part 2A Appendix 1 Brochure for more information on Portfolio Builder.

You should promptly notify us if there is ever any change in your financial situation or investment objectives as it may cause us to review, evaluate or revise our previous recommendations and services to you. The APM program typically has a \$50,000 minimum account size requirement. The APM Program Fee includes the fee charged by HBI, Envestnet, and custodial fees for the account. The Advisor Fee accounts for advisory services provided by your financial advisor related to managing the account. Mutual fund, ETF, or other fees charged by the sponsoring companies are disclosed by prospectus.

Custody and trading services may be included in the APM Program Fee or applied as set forth below. Any additional fees are disclosed with your client agreement.

Assets	Program Fee		Advisor's Fee		Total Fee*	
	Min.	Max.	Min.	Max.	Min.	Max.
\$0 to \$500,000	0.16%	0.20%	0.00%	2.00%	0.16%	2.20%
\$500,001 to \$1M	0.13%	0.17%	0.00%	1.80%	0.16%	1.97%
\$1,000,001 to \$2M	0.11%	0.15%	0.00%	1.40%	0.11%	1.55%
\$2,000,001 to \$3M	0.06%	0.10%	0.00%	1.40%	0.06%	1.50%
\$4,000,001 to \$6M	0.02%	0.06%	0.00%	1.00%	0.02%	1.06%
\$6,00,001 and up	0.005%	0.025%	0.00%	1.00%	0.005%	1.025%

*Total Fee is the sum of the Program Fee plus the Advisor's Fee.

Total fee does not reflect minimum program fee of up to \$100 per year per account. The above fees represent the fees for assets within each tier. The actual rate is a blended rate calculated on total assets across all tiers.

Advisor as Portfolio Manager (Engineer Series)

These services include the ability to produce detailed proposals, create investment models, allocate assets, monitor client specifications on an account, aggregate trading and rebalance an account. In acting as a portfolio manager for you as described in this brochure, Advisors generally invest in mutual funds and ETFs available through Pershing's FundVest Program. Please see our firm's Form ADV Part 2A Brochure for more information on this service.

You should promptly notify us if there is ever any change in your financial situation or investment objectives as it may cause us to review, evaluate or revise our previous recommendations and services to you. The Portfolio Builder Engineer Series program typically has a \$10,000 minimum account size requirement. The Portfolio Builder Engineer Series Program Fee includes our firm, Envestnet, and custodial fees for the account. The Advisor Fee accounts for advisory services provided by your financial advisor related to managing the account. Mutual fund, ETF, or other fees charged by the sponsoring companies are disclosed by prospectus.

Custody and trading services may be included in the Portfolio Builder Program Fee or applied as set forth below. Any additional fees are disclosed with your client agreement.

Assets	Program Fee	Advisor's Fee		Total Fee*	
	Platform Fee	Min.	Max.	Min.	Max.
\$0 to \$500,000	0.16%	0.00%	2.00%	0.16%	2.16%
\$500,001 to \$1M	0.16%	0.00%	1.80%	0.16%	1.96%

\$1,000,001 to \$2M	0.16%	0.00%	1.40%	0.16%	1.56%
\$2,000,001 to \$4M	0.16%	0.00%	1.40%	0.16%	1.56%
\$4,000,001 and up	0.16%	0.00%	1.00%	0.16%	1.16%

*Total Fee is the sum of the Program Fee plus the Advisor's Fee. Total fee does not reflect minimum program fee of up to \$50 per year per account. The above fees represent the fees for assets within each tier. The actual rate is a blended rate calculated on total assets across all tiers.

Third-party Strategists (Blueprint Series)

We have, or Envestnet has, entered into agreements with various third-party strategists that provide allocation models for investments in mutual funds and exchange-traded funds (ETFs).

Through this service, our IARs use the models provided by these strategists to recommend an allocation of your assets among mutual funds and/or ETFs. Envestnet is responsible for the actual trading and investment of your assets based on the recommendation of either our IAR or the strategist model. You may be restricted in your ability to directly contact and consult with the strategists or Envestnet, but our IARs are available to address any questions, issues or concerns regarding the strategists or their models. The result is an account portfolio comprised of selected mutual funds and/or ETFs based on your investment objectives and risk tolerance. Accounts using third-party strategists typically have a minimum account size requirement of \$50,000. The Portfolio Builder Strategist Program Fee includes the fee charged by our firm, Envestnet, and custodial fees for the account. The Advisor Fee is for advisory services provided by your financial advisor in relation to managing the account. Mutual fund, ETF, and strategist fees charged by the sponsoring companies are disclosed by prospectus and the Statement of Investment Selection. In general, the ranges of fees are reflected in the Manager Portion of the Program Fee.

Custody and trading services may be included in the Portfolio Builder Program Fee or applied as set forth below. Any additional fees are disclosed with your client agreement.

Assets	Program Fee (Platform)		Program Fee (Manager Portion)		Advisor's Fee		Total Fee*	
	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
\$0 to \$500,000	0.26%	0.30%	0.02%	0.82%	0.00%	2.00%	0.28%	2.50%
\$500,001 to \$1M	0.19%	0.23%	0.02%	0.82%	0.00%	1.80%	0.21%	2.50%
\$1,000,001 to \$2M	0.14%	0.18%	0.02%	0.82%	0.00%	1.40%	0.16%	2.40%
\$2,000,001 to \$4M	0.11%	0.15%	0.02%	0.82%	0.00%	1.40%	0.13%	2.37%

\$4,000,001 and	0.09%	0.13%	0.02%	0.82%	0.00%	1.00%	0.11%	1.95%
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*Total Fee is the sum of the Program Fee plus the Advisor's Fee. In instances where the maximum Program Fee plus Advisor Fee would exceed 2.5 percent, the Advisor fee is reduced so as to not exceed a 2.5 percent Total Fee. Total fee does not reflect minimum program fee of up to \$100 per year per account. The above fees represent the fees for assets within each tier. The actual rate is a blended rate calculated on total assets across all tiers.

Third-party Strategists (Foundation Series)

We have, or Envestnet has, entered into agreements with various third-party strategists that provide allocation models for investments in mutual funds and exchange-traded funds (ETFs).

Through this service, our Advisors use the models provided by these strategists to recommend an allocation of your assets among mutual funds and/or ETFs. Envestnet is responsible for the actual trading and investment of your assets based on the recommendation of our Advisor and strategist model. You may be restricted in your ability to directly contact and consult with the strategists or Envestnet, but our Advisors are available to address any questions, issues or concerns regarding the strategists or their models. The result is an account portfolio comprised of selected mutual funds and/or ETFs which are on the Pershing FundVest Platform based on your investment objectives and risk tolerance. Accounts using third-party strategists typically have a minimum account size requirement of \$10,000. The Portfolio Builder Foundation Series Strategist Program Fee includes our firm, Envestnet, and custodial fees for the account. The Advisor Fee is for advisory services provided by your financial advisor in relation to managing the account. Mutual fund, ETF, and strategist fees charged by the sponsoring companies are disclosed by prospectus and the Statement of Investment Selection. In general, the ranges of fees are reflected in the Manager Portion of the Program Fee.

Custody and trading services may be included in the Portfolio Builder Program Fee or applied as set forth below. Any additional fees are disclosed with your client agreement.

Assets	Program Fee (Platform)	Program Fee (Manager Portion)		Advisor's Fee		Total Fee*	
		Min.	Max.	Min.	Max.	Min.	Max.
\$0 to \$500,000	0.20%	0.02%	0.82%	0.00%	2.00%	0.22%	2.50%
\$500,001 to \$1M	0.20%	0.02%	0.82%	0.00%	1.80%	0.22%	2.50%
\$1,000,001 to \$2M	0.20%	0.02%	0.82%	0.00%	1.40%	0.22%	2.42%
\$2,000,001 to \$2.9M	0.20%	0.02%	0.82%	0.00%	1.40%	0.22%	2.42%
\$2,900,001 to \$4M	0.15%	0.02%	0.82%	0.00%	1.40%	0.17%	2.37%

\$4,000,001 and	0.13%	0.02%	0.82%	0.00%	1.00%	0.15%	1.95%
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*Total Fee is the sum of the Program Fee plus the Advisor's Fee. In instances where the maximum Program Fee plus Advisor Fee would exceed 2.5 percent, the Advisor fee is reduced so as to not exceed a 2.5 percent Total Fee. Total fee does not reflect minimum program fee of up to \$50 per year per account. The above fees represent the fees for assets within each tier. The actual rate is a blended rate calculated on total assets across all tiers.

Institutional Money Management

Envestnet has entered into agreements with various third parties that will manage your assets either directly or through pooled investment vehicles. Under this service, our IARs recommend managers to invest your assets based on your investment objectives and risk tolerance. You may be restricted in your ability to directly contact and consult with managers or Envestnet, but our IARs are available to address any questions, issues or concerns regarding these managers or their recommendations. The primary ways an IAR provides access to a manager through the Portfolio Builder Program are described below:

Separately Managed Accounts (SMAs)

SMAs are accounts managed by firms that typically invest assets for large institutions and high net worth individuals. Unlike mutual funds, where your assets are pooled with those of other investors, SMAs provide direct ownership by you of the individual securities and ETFs within the SMA portfolio. This structure provides more control over your assets, allowing both you and your IAR to customize an investment solution that reflects your individual goals and objectives. SMA accounts typically have a minimum account size requirement of \$100,000, though some third-party managers require a minimum account size of \$250,000. The fees for management of your SMA are generally within the ranges set forth below. The SMA Program Fee includes the fee charged by our firm, Envestnet, and custodial fees for the account. The Advisor Fee is for advisory services provided by your financial advisor in relation to managing the account. Mutual fund, ETF, and separate account management fees charged by the sponsoring companies are disclosed by prospectus and the Statement of Investment Selection.

Equity SMA

	Program Fee (Platform)		Program Fee (Manager Portion)		Advisor's Fee		Total Fee*	
	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Assets								
\$0 to \$500,000	0.46%	0.50%	0.25%	0.40%	0.00%	2.00%	0.71%	2.50%
\$500,001 to \$1M	0.27%	0.31%	0.25%	0.40%	0.00%	1.80%	0.52%	2.50%
\$1,000,001 to \$2M	0.23%	0.27%	0.25%	0.40%	0.00%	1.40%	0.48%	2.07%
\$2,000,001 to	0.19%	0.23%	0.25%	0.40%	0.00%	1.40%	0.44%	2.03%

\$4,000,001 and	0.18%	0.22%	0.25%	0.40%	0.00%	1.00%	0.43%	1.62%
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*Total Fee is the sum of the Program Fee plus the Advisor's Fee. In instances where the maximum Program Fee plus Advisor Fee would exceed 2.5 percent, the Advisor fee is reduced so as to not exceed a 2.5 percent Total Fee. Total fee does not reflect minimum program fee of up to \$100 per year per account. The above fees represent the fees for assets within each tier. The actual rate is a blended rate calculated on total assets across all tiers.

Fixed Income SMA

Assets	Program Fee (Platform)		Program Fee (Manager Portion)		Advisor's Fee		Total Fee*	
	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
\$0 to \$500,000	0.36%	0.40%	0.10%	0.25%	0.00%	2.00%	0.46%	2.50%
\$500,001 to	0.21%	0.25%	0.10%	0.25%	0.00%	1.80%	0.31%	2.30%
\$1,000,001 to	0.21%	0.25%	0.10%	0.25%	0.00%	1.40%	0.31%	1.90%
\$2,000,001 to	0.15%	0.19%	0.10%	0.25%	0.00%	1.40%	0.25%	1.84%
\$4,000,001 and up	0.14%	0.18%	0.10%	0.25%	0.00%	1.00%	0.24%	1.43%

*Total Fee is the sum of the Program Fee plus the Advisor's Fee. In instances where the maximum Program Fee plus Advisor Fee would exceed 2.5 percent, the Advisor fee is reduced so as to not exceed a 2.5 percent Total Fee. Total fee does not reflect minimum program fee of up to \$100 per year per account. The above fees represent the fees for assets within each tier. The actual rate is a blended rate calculated on total assets across all tiers.

Unified Manager Accounts (UMAs)

UMAs are accounts that combine traditional SMAs, third party strategists, equities, mutual funds and ETFs into a single diversified portfolio. Your assets are directly invested within each asset class by an overlay manager that is typically responsible for initially allocating assets within each asset class and monitoring and rebalancing among the asset classes. UMAs typically have a minimum annual account size requirement of \$150,000. The fees for management of your UMA are generally within the ranges set forth below. The UMA Program Fee includes our firm, Envestnet, and custodial fees for the account. The Advisor Fee is for advisory services provided by your financial advisor in relation to managing the account. Mutual fund, ETF, and separate account management fees charged by the sponsoring companies are disclosed by prospectus and/or the Statement of Investment Selection.

UMA Schedule

Assets	Program Fee		Program Fee		Advisor's Fee		Total Fee*	
	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
\$0 to \$500,000	0.46	0.50%	0.25%	0.40%	0.00%	2.00%	0.71%	2.50%
\$500,001 to \$1M	0.27	0.31%	0.25%	0.40%	0.00%	1.80%	0.52%	2.50%
\$1,000,001 to \$2M	0.23	0.27%	0.25%	0.40%	0.00%	1.40%	0.48%	2.07%
\$2,000,001 to \$4M	0.19	0.23%	0.25%	0.40%	0.00%	1.40%	0.44%	2.03%
\$4,000,001 and	0.18	0.22%	0.25%	0.40%	0.00%	1.00%	0.43%	1.67%

*Total Fee is the sum of the Program Fee plus the Advisor's Fee. In instances where the maximum Program Fee plus Advisor Fee would exceed 2.5 percent, the Advisor fee is reduced so as to not exceed a 2.5 percent Total Fee. Total fee does not reflect minimum program fee of up to \$100 per year per account. The above fees represent the fees for assets within each tier. The actual rate is a blended rate calculated on total assets across all tiers.

Additional Information About Fees

All Portfolio Builder Program fees are negotiable, subject to the maximum amount set forth above and are charged on a per account basis. The cost of the services provided to you through the Portfolio Builder Program may be more or less than the cost of purchasing similar services separately. Among the factors impacting the cost of the program are the account size, type of account registration (e.g., retirement), nature of services we provide you, amount of assets specific to a particular strategy and the particular service or third-party manager selected.

Your IAR generally receives compensation as a result of your participation in the Portfolio Builder Program on the Envestnet platform. The amount of this compensation is generally more than what your IAR would receive if you participated in our other platforms or programs or separately paid for investment advice, brokerage and other services. Your IAR therefore has a financial incentive to recommend Portfolio Builder over other programs or services we offer as an IAR receives additional economic benefit as a result of business with us in the form of reduced charges for the platforms and services we make available to the IAR for use with their clients in Portfolio Builder, as well as additional compensation from H. Beck in the form of an increased payout. The reduced charges and additional compensation is generally based on the aggregate amount of assets of the IAR's clients that utilize platforms and services of us or other factors in our discretion. An IAR therefore has a financial incentive to recommend the Portfolio Builder Program over other platforms or services we provide. This additional financial benefit is not shared with you, which creates a conflict of interest based on incentive for an IAR to utilize the Portfolio Builder Platform.

The following grid reflects the reduced platform fees for Portfolio Builder based on aggregate assets in the Portfolio Builder Program on the Envestnet platform:

Assets in Portfolio Builder Program		Discount on accounts	
Over	To	Up to \$6M	\$6,000,001 and up
\$ 50,000,000	\$ 74,999,999.99	0.01%	0.005%
\$ 75,000,000	\$ 99,999,999.99	0.02%	0.01%
\$ 100,000,000	\$ 249,999,999.99	0.03%	0.015%
\$ 250,000,000	And above	0.04%	0.02%

Other costs that may be assessed to you and that are not part of the Portfolio Builder Program Fee include dealer markups, electronic fund and wire transfers, spreads paid to market-makers, market maker spreads and exchange fees, among others. Any and all brokerage account fees, including retirement account annual custodial fees, apply to each of your accounts. For any Portfolio Builder accounts, a \$100 minimum platform fee applies. The above-listed amounts do not include other amounts that you may be subject to, such as the initial and ongoing expenses paid to third-party investments or third-party pooled investment vehicles, such as mutual funds, annuities or alternative investments. Such expenses are usually set forth in the applicable offering document of the investment and are payable or borne by you in addition to any fee outlined above.

***Please refer to the Portfolio Builder Part 2A, Appendix 1 of Form ADV for additional information regarding fees associated with the Portfolio Builder Program.**

Envestnet APM*

Envestnet's APM Program fees cover asset allocation services, securities review, evaluation and recommendation, and performance measurement. The APM Program fees do not cover any margin interest, national securities exchange fees, charges for transactions including brokerage commissions and/or ticket charges imposed by broker-dealers for executing transactions, mark-ups, mark-downs and spreads earned by HBI on program assets, costs associated with exchanging currencies, fees and charges imposed by collective investment vehicles, such as mutual funds, closed-end funds, unit investment trusts, exchange-traded funds, or real estate investment trusts, costs relating to trading in certain foreign securities, ACAT account transfers, annual and termination fees for retirement accounts, wire transfer charges, and other service fees for optional services elected by clients, or other fees imposed by law. Mark-ups, mark-downs and spreads charged by a dealer unaffiliated with HBI may be included in the price of certain transactions executed on behalf of the client. Pershing charges interest on any outstanding loan balances to clients who borrow money from it. See the brokerage agreement or ask your IAR for more information regarding these fees.

APM Program fees are charged quarterly in advance and calculated based on the market value of the client's program assets as of the last business day of the preceding calendar quarter. Ask your IAR for more information regarding these fees.

The maximum APM fee schedule is as follows:

Account Value	Program Fee
\$25,000 to \$250,000	2.25%
Next \$250,000	2.25%
Next \$500,000	2.22%
Next \$1,000,000	1.60%
Next \$3,000,000	1.18%
Total Program Fees on Accounts over \$5,000,000 may be negotiated.	
Custody fees not included.	

Each IAR with clients in APM is compensated by HBI for providing investment advisory and related services. The amount of this compensation may be more than what the IAR would receive if the client participated in other advisory programs provided by HBI. Therefore, an IAR may have a financial incentive to recommend APM over other advisory programs or services. Similarly, the total fees charged under the Program may be higher than what another investment adviser would charge for a similar set of services.

The IAR portion of the APM Program Fees may be negotiated and may thus differ from client to client based upon a number of factors, including, but not limited to, the amount of the program assets and the client-related services to be provided. In negotiating these fees, an IAR may take into consideration, among other things, the amount of assets in the APM Account, whether the client maintains other securities brokerage or investment advisory relationships with HBI, the amount of assets in such other accounts, and the duration and scope of the client's relationship with HBI. Moreover, APM Program fees may vary as a result of the application of prior fee schedules depending upon a client's program inception date.

In addition to the APM Program fees, HBI receives payments, commonly referred to as revenue sharing, from certain of the investment advisers, principal underwriters, or other affiliates of the mutual funds in which clients' accounts may be invested. None of the compensation we receive under these arrangements is credited back to clients or offset against our investment advisory fees. Accordingly, these payments present a conflict of interest for us to recommend mutual funds that make these payments to us over mutual funds that do not make such payments.

In the event a client's agreement is terminated prior to the last day of a calendar quarter, a pro-rata portion, based upon the number of days remaining in such quarter, of the quarterly program fee with respect to such program assets paid in advance, will be refunded to the client.

Third-Party Investment Adviser Programs

Clients participating in a third-party investment adviser program will be charged fees that may include various program fees in addition to the fee paid to HBI. Such program fees may include, but are not limited to, the investment advisory fees of the independent money manager(s), fees for brokerage transactions, custodial fees, fees for separate asset allocation advice and/or fees for separate independent reporting. Program fees typically are directly debited, on a quarterly basis, from the client account upon authorization by the client.

HBI's fee for participation with a third-party investment adviser program will not exceed 3% of assets under management per year.

The exact fee received by HBI for its services and the total program fee generally is disclosed to the client in a separate disclosure brochure and in an investment management agreement entered into by the client.

Depending on the program, the fees may be charged in advance or arrears. Clients may terminate the program agreement at any time with written notice to HBI. Upon termination, any fees charged in advance will be refunded pro rata based on the days remaining in the quarter.

The program fees charged in such programs typically do not include certain fees and charges associated with securities transactions, including the following: (i) dealer markups or markdowns; (ii) charges imposed by law; (iii) costs relating to trading in foreign securities and (iv) operating expenses charged by collective investment vehicles, such as mutual funds, closed-end funds, unit investment trusts, exchange-traded funds or real estate investment trusts. Please check the particular disclosure brochure for the program for more information.

Clients utilizing a third-party investment adviser will receive a separate disclosure brochure for the third-party investment adviser. HBI urges clients to review this document carefully as it contains important information about the adviser and the associated fees.

Clients in any of the above investment advisory programs may pay higher fees than other clients in these programs.

Retirement Plan Services

Plan Level Advisory Fees

Retirement plan services are provided in exchange for a fee that is negotiable. This fee may be a fixed fee, an asset-based fee (which may not exceed the maximum fees shown in

the table below), or a combination thereof, and may vary from client to client, based upon the complexity of the retirement plan, the plan's objectives, and the services to be provided. Fees are payable each calendar quarter in advance. You may also be charged for all applicable sales or use taxes, however designated or levied.

Account Assets	Maximum Annual Fee (as percentage of assets)
First \$500,000	1.75%
\$500,001 to \$2.0 million	1.10%
\$2,000,001 to \$3.0 million	0.90%
\$3,000,001 to \$4.0 million	0.70%
\$4,000,001 to \$5.0 million	0.45%
Over \$5.0 million	0.25%

If the retirement plan services agreement is terminated prior to the end of its term or any renewal term, our fees will be prorated based upon the number of days elapsed in the quarter prior to the termination date. You will also be responsible for all reimbursable out-of-pocket expenses that have not been paid as of such termination date.

Seminar and Educational Services Fees

Individuals participating in seminars or educational services will typically be charged a fixed fee. In certain instances, however, an employer or other organization may agree to bear the cost of sponsoring a seminar or educational service for a group of employees or other individuals. In those cases, the individuals attending the seminar or educational service are not charged a separate fee for their participation. The IAR presenting the seminar or educational service determines the amount of the fee. For educational services, the fees as negotiated will be set forth in our agreement with each client for such services.

Sales Compensation

The principal business of HBI is that of a general securities introducing broker-dealer. Our IARs are compensated for the sale of securities and insurance products when they act in the capacity of registered representatives of the broker-dealer or as insurance agents when acting as agents for various insurance carriers (see item 10, below). When acting in these sales capacities they generally receive a portion of the transaction-based compensation received by HBI, such as commissions, on the sale of securities or may receive transaction-based compensation directly from the applicable insurance carrier. Such compensation is the primary compensation for HBI. This practice presents a conflict of interest and gives HBI and its IARs an incentive to recommend investment or insurance products based on the compensation received, rather than on a client's needs. We address this conflict by disclosing this conflict and by reviewing the securities

recommendations made by our IARs when they act as registered representatives and insurance agents. We strive to have all such recommendations be suitable and appropriate for our clients. We also use reports and audits to review the investment advice provided by our registered representatives to see whether it satisfies applicable legal requirements. Clients have the option of purchasing investment products that we recommend through other broker-dealers that are not affiliated with us or purchasing insurance products through agents other than our IARs.

OTHER INFORMATION ON FEES AND COMPENSATION

You may pay advisory fees to us by check, wire, or by authorizing the deduction of fees from your or another authorized account. If you authorize us to deduct fees from your account, you are responsible for fees, charges and other costs associated with the fee deduction, as well any tax impact associated with the deduction. When fees are deducted from accounts, the IAR or account custodian will send you information reflecting the amount of fees deducted. You will receive a statement at least quarterly from your account custodian, showing all amounts disbursed from your account, including the advisory fees paid to us.

HBI makes available third parties for our IARs to utilize in providing you the services described in this document, and such third parties may compensate HBI for training, marketing efforts, staffing and ongoing education of IARs related to such third parties. This financial and non-financial support incentivizes us and your IAR to utilize the services of these third parties, which is a conflict of interest. Please refer to the Client Referrals and Other Compensation section below.

Some of our IARs participate in incentive trips and receive other forms of non-cash compensation based on the amount of their sales and services through HBI, non-affiliated marketing groups, or product manufacturers. To the extent your IAR participates in an incentive trip or receives other forms of non-cash compensation, a conflict of interest exists in connection with the IAR's recommendation of products and services for which they receive these additional economic benefits. HBI allows representatives to receive marketing reimbursements from product providers to help defray these expenses. There is no requirement or expectation that representatives refer clients to or place assets with such providers. Please contact our Chief Compliance Officer for additional information.

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

HBI does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). HBI has a referral agreement with Dunham & Associates, a third-party money manager, under which HBI IARs can receive performance-based compensation on "qualified investors" assets referred to the Dunham & Associates Performance-Based Fee option account. This account is only available to investors with a net worth of \$2.1 million or more, exclusive of their home, or if they have \$1million or more of advisory assets to be held in the account.

ITEM 7 TYPES OF CLIENTS

HBI provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, corporations, retirement plans and other business entities.

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

Investing in securities involves risk of loss that clients should be prepared to bear.

METHODS OF INVESTMENT ANALYSIS

We generally recommend investment strategies and securities that will give a client a diversified portfolio consistent with the client's investment objective. We do this by analyzing various investment strategies, securities, and money management firms to which we provide access. The review of firms includes a review of the structure, cost and investment performance history of each program.

At times, a client may seek to have a portfolio constructed that is not diversified. In such instances, if the IAR concludes that such a portfolio is appropriate for the client he or she may recommend a portfolio that is focused on one or more asset classes, investment styles, industries, and/or geographic areas.

In several of our programs, we and/or the third-party managers involved in such programs, use "Modern Portfolio Theory" to attempt to develop optimal long-term strategic securities portfolios. Modern Portfolio Theory involves describing a portfolio of securities in terms of its projected long-term rate of return and its projected short-term risk. The goal is to identify a client's risk tolerance, and then find a portfolio with the maximum expected return for that level of risk. Using Modern Portfolio Theory over the long-term can reduce risk, but over shorter time horizons (such as less than three years) risk may not be materially reduced. Moreover, constructing portfolios based on Modern Portfolio Theory will not necessarily reduce risk as compared to other portfolio construction approaches. Not all portfolios are constructed using Modern Portfolio Theory, and we utilize other methods of constructing portfolios when it is appropriate for a particular client.

We generally use traditional methods of fundamental security analysis, which make a basic assumption that markets may misprice a security in the short term but that the correct price will eventually be reached. Fundamental security analysis involves estimating the value of a particular security and then comparing that estimate with the current price for the security. Fundamental security analysis involves assumptions that may or may not turn out to be accurate.

WHERE WE GET OUR INFORMATION

The client is our most important source of information. We collect financial and other data from clients, review their investment objectives, investment time horizons, financial circumstances, and risk profiles. The information a client provides about his or her specific financial situation drives our recommendations. In addition, we draw on research materials including financial newspapers and publications, research services, annual reports, prospectuses, and filings with the SEC.

INVESTMENT STRATEGIES

Typically, we emphasize long-term strategies. However, the strategies we recommend vary with the client's objectives and needs. Once we have a profile of a client's situation, we can develop customized recommendations regarding allocation strategies, including short-term strategies, margin transactions, options writing, etc., as appropriate.

TYPES OF SECURITIES

Depending on a client's needs and the investment advisory services the client selects, we provide advice about a wide range of securities, including, but not limited to:

- Mutual funds
- Exchange-Traded Funds
- Common and preferred stocks (exchange listed and over-the-counter)
- Fixed income investments such as bonds, commercial paper and certificates of deposit
- Municipal securities
- U.S. Government securities

All investments involve risk. Investment recommendations provided by HBI and its IARs are subject to the risks associated with investing in securities and will not always be profitable. HBI and our IARs do not guarantee the results of any advice or recommendations nor do we guarantee that a client's investment objectives will be met. Any investment or investment strategy involves risk of loss you should be prepared to bear. Examples of risks you could face are:

- Interest rate Risk: Fluctuations in interest rates generally cause investment values to fluctuate. For example, market values of bonds typically decline when interest rates rise, because the rising rate makes the existing bond yields less attractive.
- Market Risk: External factors independent of a security's particular underlying circumstances may impact its value. The value of a security, bond or mutual fund may drop in reaction to tangible and intangible events and conditions, such as a political or social event or an economic condition.

- **Inflation Risk:** Inflation means a dollar today buys more than a dollar next year. When inflation is present, your purchasing power typically decreases at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. Also known as exchange rate risk, these risks may be present in international mutual funds for example.
- **Reinvestment Risk:** The risk that future proceeds from investments may be reinvested at a potentially lower rate of return is reinvestment risk. This risk primarily relates to fixed income securities.
- **Business Risk:** Risks associated with a particular industry or a specific company may impact the value of investments. For example, oil-drilling companies typically have more business risk than electric companies since they depend on finding oil and then refining it efficiently before they generate a profit. An electric company generates income from customers who buy electricity regardless of economic conditions.
- **Liquidity Risk:** Liquidity means the ability to readily convert an investment into cash. Assets with many purchasers are generally more liquid. For example, Treasury Bills are highly liquid, while real estate properties are less so.
- **Financial Risk:** A company with excessive borrowing or that takes significant business risks to generate profit is typically at a greater risk of financial difficulty or failure.

ITEM 9 DISCIPLINARY INFORMATION

HBI has not been the subject of any material disciplinary actions as a result of its activities as a registered investment adviser.

HBI is a federally registered investment adviser with the Securities Exchange Commission ("SEC") and a member broker-dealer of the Financial Industry Regulatory Authority ("FINRA"). All of the events disclosed below derive from its operations as a broker-dealer. Additional detail regarding these matters is available through FINRA's Broker/Check system.

Within the past ten years, solely in HBI's capacity as a broker-dealer, HBI has been assessed:

A fine in the amount of \$17,500 by FINRA pursuant to a settlement agreement, effective November 24, 2008, that HBI failed to comply fully with NASD Rules regarding the reporting of trades through the Order Audit Trail System ("OATS").

A fine in the amount of \$40,000 by the Virginia Department of Securities pursuant to a settlement agreement, effective January 6, 2009, that HBI failed to supervise an agent in violation of state regulations.

A fine in the amount of \$140,000 by FINRA pursuant to a settlement agreement, effective March 23, 2009, that HBI failed to accurately complete its self-assessment regarding breakpoint compliance in Mutual Fund Class A shares and failed to reasonably monitor its fee-based brokerage accounts to ensure that they continued to be appropriate for customers.

Consented to an order from the Maryland Securities Commissioner, effective July 23, 2010, to reasonably supervise its registered representatives and agreed to revise its personal trading procedures.

A fine in the amount of \$9,500 by the Texas State Securities Board pursuant to a settlement agreement, effective July 27, 2010, that HBI failed to enforce written procedures regarding supervision of use of marketing materials by a representative.

A fine in the amount of \$150,000 by FINRA pursuant to a settlement agreement, effective July 18, 2011, that HBI failed to establish and maintain a supervisory system that were reasonably designed to achieve compliance with the rules and regulations applicable to the retention of electronic and written communications.

A fine in the amount of \$90,000 by the Massachusetts Securities Division relating to the alleged failure to supervise a registered representative in violation of the Massachusetts Securities Act.

A fine in the amount of \$425,000 by FINRA pursuant to a settlement agreement effective March 30, 2015, that HBI failed to apply sales charge discounts to eligible purchases of unit investment trusts and failed to establish a supervisory system and procedures reasonably designed to ensure that customers received sales charge discounts on all eligible unit investment trust purchases.

A fine in the amount of \$40,000 by FINRA pursuant to a settlement agreement, effective August 12, 2015, that HBI failed to enforce written supervisory procedures regarding on-going due diligence on three offerings from one issuer of a security.

A fine in the amount of \$50,000 by FINRA pursuant to a settlement agreement, effective September 27, 2017, that HBI acting through a registered representative recommended nontraditional ETFs and metals and mining stocks to a customer that were unsuitable and the failure to adequately supervise the sale of nontraditional ETFs.

HBI was censured and fined \$ 400,000 pursuant to a settlement agreement effective November 20, 2018. Without admitting or denying the findings, HBI consented to findings that it failed to establish and enforce written supervisory procedures, systems and training in connection with the sale of multi-share class variable annuities, including L-Share contracts with long term riders and B-Share contracts. Additionally, the findings stated that HBI failed to enforce written supervisory procedures in connection with the use and review of consolidated reports issued by registered representatives to customers.

ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The principal business of HBI is that of a full-service general securities introducing broker-dealer registered with the SEC, and state securities agencies and is a member of FINRA. HBI is subject to the rules and regulations of the Municipal Securities Rulemaking Board ("MSRB") and National Futures Association ("NFA"). HBI is involved in the sale of various types of securities, including but not limited to, mutual funds, stocks, bonds, options, direct participation programs and variable insurance products. HBI also has the ability to recommend managed futures as an introducing broker. HBI is an affiliated entity and subsidiary of Kestra Financial, Inc. Kestra Financial, Inc. and affiliates are ultimately owned by Kingfisher Holding, LP (Kingfisher).

Your IAR is a registered representative authorized to provide securities brokerage services through HBI and may be separately licensed as an insurance agent for one or more insurance companies. In those separate capacities, he or she may offer products or services to you. If you purchase other products or services recommended by your representative, you might be charged commissions or transaction-based fees; however, HBI and the representative will forego such compensation in connection with those transactions related to the advisory services offered while a plan services agreement is in force.

Our obligations to you when we are acting as a broker-dealer or insurance agency differ from our obligations to you when we are acting as an investment adviser. In particular, when we are acting as a broker-dealer or insurance agency (and when your IAR is acting as a registered representative or an insurance agent) we are acting (directly or indirectly) as an agent of the issuer of the security or insurance product and are being paid by the issuer to distribute and sell their product. We or our IAR receive commissions and other transaction-based compensation if we are successful in selling the products on behalf of the issuer. When acting in these sales capacities, any recommendations we make must be suitable for our customers. In contrast, when we are acting as an investment adviser (and your IAR is acting as an investment adviser representative) we are acting as your agent in providing investment advice to you. In doing so, we are fiduciaries to you and owe you a duty of care and a duty of loyalty and must act in your best interest.

You are under no obligation, however, to purchase any other products or services from HBI or our representatives.

A number of our IARs own their own companies or engage in other outside businesses that are not affiliated with our company (each an Outside Business), including but not limited to certain insurance agencies as discussed above. HBI does not provide investment advisory services through these Outside Businesses, does not supervise these businesses and is not responsible for any product or service purchased through these businesses. To the extent you purchase a product or service through an Outside Business, the IAR or his or her Outside Business will receive compensation in addition to any amount you pay HBI for investment advisory services. Since HBI does not own or control these Outside Businesses, you should discuss any compensation or other arrangements regarding an Outside Business with your IAR.

Some of our IARs are registered with or affiliated with an investment adviser other than HBI. You should read the brochure and any other materials provided by these other investment advisers for information regarding their services and fees if you engage them to provide you advisory services

CONFLICTS OF INTEREST

Various situations and programs present a conflict of interest for HBI and/or IARs. Typically, these conflicts of interest arise because HBI and/or the IAR receive compensation or other benefits in addition to the investment advisory fees we receive from the client. Conflicts of interest also arise when (i) we can achieve certain expense reductions based upon how a client's assets are invested (e.g. the rates we pay third party service providers may decrease as we introduce more assets to those third party service providers); (ii) we receive additional compensation from a client in a capacity other than as the client's investment adviser (e.g. for certain programs where we also act as the broker-dealer and receive additional compensation in that capacity); or (iii) one of our affiliates may receive compensation through some of our programs (e.g. a program where an affiliate of ours provides trust services). In all of these situations we have an economic interest in how a client's assets are invested, thus resulting in a conflict between the client's interests and ours.

An IAR is compensated as a result of a client engaging the IAR to provide services to the client. The amount of that compensation varies between our programs or may be more than what the IAR would earn if the client paid separately for services that we may bundle together (e.g. paying separately for investment advice and brokerage services). Therefore, an IAR may have an economic interest in whether the client receives investment advisory services versus securities brokerage or other services, or which investment advisory program a client utilizes, thus resulting in a conflict between the client's interests and those of the IAR. Specific conflicts of interest that arise in the context of the ACAMP+ and Choice Programs are discussed above under Item 5. For more information about your IAR's compensation, please contact your IAR.

As required by law, HBI maintains certain policies and procedures, such as our "Code of Ethics" (see Item 11), that are designed to prevent HBI and our IARs from acting in any

way that is inconsistent with our legal obligations to a client, including the requirement that we put our clients' interests first. We address conflicts by disclosing them to clients so they can make an informed decision as to whether to continue with the advisory relationship and by reviewing the recommendations made by our IARs. We also use reports and audits to review the advice provided by our IARs and the accounts they manage.

NON-CASH COMPENSATION

When providing investment advisory services, the IARs may receive non-cash benefits such as meals or tickets to sporting or entertainment events from some of the third-party investment advisers that our IARs may recommend or from a custodian. In addition, some of these firms sponsor or participate in conventions, conferences, or training events and may provide our IARs and/or our home office employees with transportation, hotel accommodations, meals, registration fees, and the like in order to encourage them to attend such events. These firms may also provide some IARs with additional financial support by reimbursing them for certain marketing-related expenses, such as client seminars, client appreciation events, and donations to charities or charitable events. In general, the firms are more willing to make such reimbursements or will make larger reimbursements based on the amount of assets invested in their funds by an IAR's clients. This is a conflict of interest for IARs. We maintain policies that limit the amount of this financial support that HBI IARs may receive. For additional information about these programs, including whether your IAR receives any of these non-cash benefits, please contact your IAR.

In accordance with FINRA rules, HBI may issue credits which allow IARs to attend conventions and other meetings sponsored by HBI, based on their sale of mutual funds, insurance products and other securities when acting as a registered representative or insurance agent, and the sale of investment advisory services when acting as an IAR. The payments are made to promote the sale of mutual funds, insurance products, and other investment products or investment advisory services offered by HBI. Such credits may entitle the IAR to reimbursement for transportation, hotel accommodations, meals, registration fees, and the like.

All of the non-cash compensation described that may be received by IARs for their sale of securities and insurance products when acting as registered representatives or insurance agents, in conjunction with any other compensation or benefits provided by us or our affiliates, may be more or less than the overall compensation on similar or other products. The amount and/or structure of the compensation may influence an IAR to favor certain investment alternatives over others. However, the differences in compensation may also reflect differences in sales effort or ongoing customer services expected of the IAR. For more information about these programs and the benefits received by your IAR, please contact your IAR.

MARKETING AND OTHER ASSISTANCE

The sponsors of third-party advisory programs provide some of our IARs with additional financial support by reimbursing our IARs for certain marketing related expenses, such as client seminars, client appreciation events, and donations to charities or charitable events. In general, sponsors are more willing to make such reimbursements or will make larger reimbursements based on the amount of assets invested in their program by an IAR's clients. This is a conflict of interest for an IAR because the IAR may receive different amounts of compensation based on which investment advisory program he or she recommends. We maintain gift and entertainment policies that limit the amount of this financial support that IARs may receive. For more information about whether your IAR receives the type of support described in this paragraph, please contact your IAR.

PAYMENTS FROM STRATEGIC PARTNERS

In its capacity as a broker-dealer and insurance agency, HBI offers products issued by over 200 sponsor companies. In its capacity as an investment adviser, HBI can provide access to third-party investment advisers (including those advisers described in response to Item 4 above). However, we have a focused relationship with a limited number of sponsor companies and third-party investment advisers ("Strategic Partners"). Pursuant to HBI's Strategic Partner Program, HBI receives payments commonly referred to as "revenue sharing" from some of the Strategic Partners or their affiliates. Such revenue sharing is in addition to the regular compensation HBI receives when acting as a broker-dealer, insurance agency or investment adviser (such as loads, commissions, 12b-1 fees, and investment advisory fees). Revenue sharing payments are paid to HBI by the Strategic Partners or their affiliates.

HBI receives both financial and non-financial support from certain mutual fund, insurance and other companies or their affiliates based upon the sale of such companies' products. HBI receives more compensation for the sale of products of Select Providers than for the products of other providers we sell and thus have a financial incentive to sell the products of Select Providers. The amounts and forms of compensation HBI receives from Select Providers vary based on a number of factors including level of past sales, prospective future sales, and the types of service and access to distribution we provide. HBI receives one or more of the forms of compensation described below in connection with our arrangements with each Select Provider. These payments are made from the resources of the investment adviser or distributor (or one of their affiliates) in the case of mutual fund Select Providers, and from the resources of the insurance company (or its affiliate) in the case of variable annuities, group annuities, and variable life products. These payments are in addition to the sales charges, service fees, redemption fees, deferred sales charges and other fees and charges described in the prospectus fee tables or offering documents of the various products.

In addition to revenue sharing payments, which typically are based on a percentage of initial sales of securities and/or a percentage of annual assets held (or assets under management), HBI receives compensation in the form of flat fees for providing certain Strategic Partners with access to conferences and meetings with its field force (together with revenue sharing, “additional compensation”).

HBI may use the additional compensation for general financial support to offset the costs of product management support and compliance. The actual amount HBI receives is negotiated in each case and varies by Strategic Partner. In return for the revenue sharing payments, Strategic Partners have greater access to our representatives to provide training and other educational presentations and product information so they can serve investors better, visibility on our representative website and assistance with coordinating access to and educational opportunities for our representatives. In addition, the Strategic Partners and we agree to provide each other periodic reports.

There is no direct economic incentive for representatives of HBI to sell securities or insurance products issued by, or investment advisory programs managed by, the Strategic Partners over any other security, insurance product, or investment advisory program. In this respect, the HBI representatives do not receive any part of the additional compensation. Accordingly, we believe these financial arrangements do not create incentives that will influence the advice you receive from your representative. Nevertheless, the Strategic Partner arrangements create a conflict of interest since HBI receives financial benefits from certain of the Strategic Partners if their securities or investment advisory programs are selected that HBI does not receive if securities and investment advisory programs of non-Strategic Partners are chosen.

Below is information about payments received during 2020 from Strategic Partners that participated in the HBI Strategic Partner Program, which are relevant to HBI’s investment advisory services. HBI expects to receive similar amounts from its Strategic Partners in 2021. The amounts shown below do not include reimbursement of representative expenses or other noncash benefits received by HBI and/or representatives from Strategic Partners.

Mutual Funds. The American Funds mutual fund family provided HBI with additional compensation in the amount of \$211,929 for marketing-related expenses in 2020. The assets in American Fund Mutual Funds attributable to investment advisory accounts advised by HBI count toward the thresholds for which payment is made under the Strategic Partner agreement between HBI and American Funds. Other mutual fund families provided HBI with additional compensation in the form of conference fees of up to \$20,000 in 2020.

Managed Assets. We have arrangements with various third-party managers or service providers that our Advisors may refer to you for services. We receive compensation from these managers or service providers to support conferences, training, marketing

efforts, staffing, ongoing education of Advisors. These fees are negotiable and amounted to approximately \$80,000 in conference fees in 2020. The third-party managers or service providers with which we currently have such arrangements are: Assetmark, Buckingham Wealth Solutions, Meeder Investment Management, SEM Wealth Management, Brinker Capital, SEI Investments, Horizon Investments, City National Rochdale and Dunham and Associates. An additional \$383,449 of compensation was provided by AssetMark and Buckingham Wealth Solutions for marketing-related expenses attributable to investment advisory accounts advised by HBI.

Variable Annuities. Select Providers of variable annuities pay us an amount of fixed fees of up to \$40,000 annually to support and participate in various conferences and seminars conducted by us. An additional \$24,254 of compensation was provided by Select Providers for marketing-related expenses.

Insurance Marketing Organizations. Select Providers of insurance marketing services pay us an amount of fixed fees of up to \$50,000 annually to support and participate in various conferences and seminars conducted by us. An additional \$3,170 of compensation was provided by AIG for marketing-related expenses.

Alternative Investments. Select Providers of alternative investment products, including limited partnership, real estate investment trust (REIT), and hedge fund products, pay us fixed fees of up to \$50,000 annually to support and participate in conferences and seminars. An additional \$3,170 of compensation was provided by Select Providers for marketing-related expenses. Select Providers of alternative investment products also pay us an initial fee of up to \$5,000 and an annual fee of up to \$1,500 to support the due diligence efforts of HBI related to such products and providers.

Generally, you may purchase alternative investments on a commission basis through your IAR in their capacity as a registered representative of HBI, or purchase such investments at net asset value (NAV) in an advisory account, in which case your IAR will charge an ongoing advisory fee as a percentage of the investment's value. There are different costs associated with purchasing these investments with a commission or at NAV. You and your IAR must evaluate and determine which option is most appropriate based on the services being provided, and how long you anticipate holding the investment, among other factors. If you choose to purchase an alternative investment on a commission basis, HBI will not charge an advisory fee on the value of that investment. Should your alternative investment, after a period of time, be converted by the issuer to an advisory share class, it will be eligible at that time to be assessed an advisory fee. Note that you will likely pay more in advisory fees versus up-front commissions over the typical holding period of these investments.

HBI requires illiquid alternative investments subject to fee billing in advisory accounts to be valued at NAV. This valuation serves as the basis for fee calculations for advisory accounts where fees are assessed based on assets under management (AUM). NAV for

illiquid alternative investments may be calculated as often as quarterly but no less frequently than annually. In the case where an alternative investment is valued annually, the underlying value of the asset may fluctuate, but the NAV will continue to serve as the basis for the AUM calculation. This could result in you experiencing higher or lower fees than if the NAV were calculated more frequently.

ERISA CONSIDERATIONS

If the Employee Retirement Income Security Act of 1974 (“ERISA”), as interpreted by the Department of Labor, imposes obligations on HBI to take certain actions with respect to revenue sharing payments, 12b-1 fees charged to mutual fund shares owned by employee benefit plans, or other sources of revenue, HBI will act in accordance with such obligations.

HBI acts as an investment adviser under the Investment Advisers Act of 1940 and a non-discretionary fiduciary investment adviser within the meaning of ERISA Section 3(21)(A)(ii) with regard to the ERISA Fiduciary Services (defined below) HBI provides to plans subject to ERISA.

The “ERISA Fiduciary Services” include only the provision of investment advice; all other services are provided on a non-fiduciary basis.

ITEM 11 CODE OF ETHICS

Pursuant to Rule 204A-1 under the Investment Advisers Act of 1940 (the “Act”), we have established and enforce a written code of ethics (“Code”) that describes standards of business conduct, including applicable fiduciary obligations, that must be observed by HBI and our “supervised persons” (as defined in the Act) in connection with our investment advisory business. These standards include the following requirements:

- To act at all times with the utmost integrity and honesty, dealing fairly with our clients, our company, our associates, and our service providers;
- To place the interests of our clients first;
- To render professional and unbiased investment advice to our clients;
- To provide full, fair, and timely information to our clients;
- To avoid any conflicts of interest with our clients when conducting personal securities transactions;
- To exercise diligence and care in maintaining and protecting our clients’ non-public, confidential information; and
- To comply at all times with the federal securities laws.

All supervised persons are prohibited from trading on the basis of material non-public information. In addition, the Code prohibits certain supervised persons (“Access Persons”) from trading, in their personal accounts or in other accounts in which they have a beneficial interest, in “reportable securities” (as defined in Rule 204A-1 and the Code)

ahead of a client's trade in the same security. Our access persons also are prohibited from purchasing any security that is part of an initial public offering without prior approval. Access Persons must also obtain prior approval from our Chief Compliance Officer before purchasing any security as part of a private placement or other limited offering.

In order to avoid conflicts of interest that arise from the personal securities trading activity, the Code requires Access Persons to provide, and HBI to review, both initial and annual reports of all reportable securities beneficially owned by Access Persons. Quarterly reports of all transactions in reportable securities by Access Persons are also required under the Code and are reviewed by us.

Each supervised person receives a copy of the Code and each amendment thereto, and is required to acknowledge such receipt in writing. The Code further requires each supervised person to report any violation of the Code promptly to our Chief Compliance Officer.

A copy of our Code of Ethics will be provided to any client or prospective client upon request.

ITEM 12 BROKERAGE PRACTICES

HBI does not receive research or other products or services (also known as "soft dollar benefits") from a broker-dealer or third party in connection with client securities transactions.

In addition to being an investment adviser HBI also is an introducing broker-dealer. In its capacity as a broker-dealer, we act as a selling agent on a best efforts basis for fixed income securities, which an HBI IAR may recommend for your advisory account. In such transactions, HBI will receive advisory fees on the fixed income securities in your advisory account but will not receive commissions or other transaction-based compensation on such trades.

In its capacity as a broker-dealer, HBI has a clearing agreement with Pershing to settle and clear all securities trades introduced to it by HBI. Clients in the ACAMP+, Choice Programs should be aware that HBI introduces all securities trades for these programs to Pershing, which settles and clears such trades. Trades for the ACAMP+, Choice, and Envestnet RPM Programs are directed to Pershing. As a result, HBI will not be able to: (i) select broker-dealers on the basis of the lowest price or other attributes; (ii) shop around to different broker-dealers to negotiate commissions (or mark-ups or mark-downs on fixed income and other securities) or impact or improve the price or quality of the execution services provided by Pershing; or (iii) aggregate or "batch" orders for purposes of execution with orders for the same securities for other accounts managed by HBI other than for other accounts also custodied or cleared through Pershing.

Due to the foregoing, certain transactions might result in less favorable prices on the purchase and sale of securities than would otherwise be the case, and we may be unable to achieve most favorable execution of client transactions. In particular, clients may not achieve executions of the nature, quality, speed or price that they might otherwise, which means client accounts in the ACAMP+, Choice, Portfolio Builder and Envestnet APM Programs might not generate the returns they would if orders were not directed as described above. Not all investment advisers require their clients to direct brokerage. The securities trades directed to Pershing in the ACAMP+, Choice, Portfolio Builder and Envestnet APM Programs are included in the calculation of assets we introduce to Pershing and therefore may result in reduced fees charged to us by Pershing or in our receipt of additional services from Pershing.

As the introducing broker-dealer of record for ACAMP+, Choice and Portfolio Builder accounts, HBI has an interest in having Pershing settle and clear securities transactions under these Programs. Under HBI's agreement with Pershing, the fees charged to HBI and the level of services provided by Pershing are dependent upon the amount of assets introduced by HBI to Pershing. The securities trades directed to Pershing under the ACAMP+, Choice and Portfolio Builder Programs are included in the calculation of assets introduced by HBI to Pershing and therefore may result in reduced fees being charged to HBI by Pershing or in HBI's receipt of additional services from Pershing. Any such reduction in fees being charged to HBI does not result in a reduction of the Program Fees charged to clients in the ACAMP+, Choice and Portfolio Builder Programs.

Investment advisers must act in the best interest of their clients, including the selection of appropriate mutual fund share classes, and disclose fees associated with the recommended share classes. A single mutual fund may offer more than one "class" of its shares to investors, but each class represents a similar interest in the mutual fund's portfolio. The principal difference between the classes is that the mutual fund charges different fees and expenses on the various share classes based primarily on the amount invested. Even within a share class, expenses will vary by fund and by fund company. These fees and expenses negatively impact investment returns. The brokerage or clearing platforms we utilize do not make available all mutual fund families or all share classes of all mutual funds. Certain share classes are not eligible to be managed as advisory assets. We do not allow B or C share mutual funds to be held as advisory assets.

In an effort to ensure your Advisor recommends an appropriate mutual fund share class, we offer a single share class for a subset of the mutual fund families available through our custodians, and of those fund families we offer one share class is available for each fund recommended on our platform within the fund families we offer and the funds of those families available through the applicable brokerage or clearing platform. We refer to this subset as "covered funds". Covered funds are chosen based on a set of criteria designed to offer the best appropriate share class for the largest segment of our clients while still offering consistency across our platforms. The funds on our platform may not be the absolute lowest cost share class available in the marketplace

but will meet our standard criteria of analysis that includes cost, custodial availability, and average client trade volumes.

HBI receives securities service fees, 12b-1 fees and other third-party payments if you implement our recommendations through our affiliated broker-dealer. Relative to your mutual fund purchases, for the period in which you maintain an investment with the mutual fund, HBI will receive ongoing 12b-1 and service fees directly from the mutual fund company or ongoing fees from the adviser, underwriter or distributor of the mutual fund. Mutual funds with 12b-1 fees are generally more expensive than those funds without such fees. There is a conflict of interest when we recommend these products or services since they result in increased compensation to HBI. To mitigate this conflict of interest, HBI will credit back to your account an amount equal to the 12b-1 and service fees collected in connection with your advisory assets, except for 12b-1 fees generated through the default sweep money market mutual funds available on the Pershing platform, which Pershing remits to HBI and which HBI retains. This credit is only available for accounts custodied at Pershing.

Pershing offers a no-transaction-fee (NTF) program where the transaction charge is waived for the purchase and sale of mutual funds participating in the program. Other mutual funds participate in a program where the transaction charge is waived for the purchase of mutual funds but not the sale. Participating funds compensate Pershing as applicable, which in turn compensates HBI based on the amount of assets invested in those funds. As a result, HBI has a conflict of interest to the extent IARs recommend these funds, because HBI will receive compensation in addition to any advisory fees you pay. If your IAR absorbs the transaction fees for your account, the NTF program creates a conflict of interest as it results in increased compensation to your IAR. The funds in the program also have higher expense ratios than similar funds not in the program. Thus, over time, you will pay higher costs for funds in this program than you would for non-NTF funds subject to transaction charges.

When you establish an account with HBI on the Pershing platform, you are required to select a bank sweep option or money market mutual fund in which the cash in your account will be held. The FDIC bank deposit sweep program is the default option for cash contributed to non-entity (individual) accounts and HBI receives more from Pershing for assets held in that sweep program than we do for assets placed into a money market fund. Entities are not eligible to participate in the bank deposit sweep program.

The bank sweep account will have a yield that will vary based on prevailing interest rates. HBI has the ability to dictate what portion of the yield (interest rate paid) on the bank sweep accounts it will retain. HBI's ability to adjust the yield creates a conflict of interest since the lower the portion of the yield paid to you, the more HBI earns. Our IARs do not receive any portion of the bank sweep compensation paid to HBI.

HBI does not select or recommend other broker-dealers. In some programs, clients direct trades to us for introduction to Pershing, LLC, HBI's clearing firm.

HBI IARs may aggregate trades for client accounts in the ACAMP+, Choice, Portfolio Builder and Envestnet APM Programs. Trades may be aggregated for various securities, including stocks and exchange traded funds. All clients participating in an aggregated or "block" trade receive the same average price for the relevant security and clients' costs are allocated on a pro-rata basis. Aggregating trades does not guarantee that a client will pay a lower cost than if HBI had not aggregated a trade and at times could cause a given client to pay more in transaction costs than he or she would otherwise pay.

ITEM 13 REVIEW OF ACCOUNTS

As a part of our investment management services, an IAR will review a client's account with the client at least once each year to determine whether the assets in the client's account are allocated consistently with the parameters of the allocation strategy selected. The review covers such things as changes in the value of the account, the success of the investment strategy in meeting the client's investment needs and objectives, whether any material changes have taken place in the client's financial circumstances or investment objectives, and any recommendations we make with respect to the account(s). We are also available on an ongoing basis to discuss any changes that may have occurred in the client's circumstances or investment objectives.

Clients receive monthly or quarterly account statements and quarterly reports analyzing the investment performance of their accounts. Clients also receive confirmation of activity in their accounts. The statements, reports, and confirmations may be delivered in writing or electronically, as indicated by the clients and as available with the program selected.

HBI urges clients to carefully review such statements and compare such official custodial records to any statements that HBI may provide. HBI statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

HBI may assist clients in selecting an investment management program from among several such programs sponsored by unaffiliated investment management firms to which we may refer clients. Pursuant to our agreements with these firms, the firms compensate us for our services by paying us a percentage of the advisory fees received by such firms from clients we have referred. Each client we refer to a sponsor receives a written statement disclosing that we act as a solicitor for the program sponsor and that the sponsor compensates us for our referrals.

HBI may enter into solicitor referral agreements with individuals, professional firms and financial institutions, which may or may not be affiliated or associated with HBI. HBI may

pay these individuals, professional firms, and financial institutions a flat fee, or percentage of the regular fee charged to the client for services rendered by HBI. In no instance will this result in higher fees being charged to clients referred to HBI.

In order to help cover or defray the costs of transitioning from another investment adviser to HBI, our IARs receive various forms and amounts of transition assistance. Such transition assistance may include loans, technology services, administrative support, termination fees associated with moving accounts and regulatory services, payments based on production, reimbursement of fees, attendance at conferences and events, and access to preferred pricing. HBI receives compensation from our custodians to offset the cost of transitioning assets.

In addition, Buckingham Strategic Wealth offers HBI IARs with assets on their platform a basic subscription to Money Guide Pro at no cost to the IAR. Furthermore, IARs can pay \$660 to receive an upgraded version of Money Guide Pro with Buckingham Strategic Wealth's data integrated into the software. Those IARs who place at least \$10MM on Buckingham Strategic Wealth's platform receive the upgrade at no cost. This creates a conflict interest because it incentivizes an IAR to place business with Buckingham Strategic Wealth in exchange for software access.

HBI makes loans to IARs which may be forgivable based on years of service with HBI or its affiliates, assets under management, the amount of production with HBI or our affiliates or some combination of these factors. This practice creates a conflict of interest since the IAR has a financial incentive to recommend a client engage HBI for advisory services, engage HBI for brokerage services, and to recommend additional products and services in order for their loan to be forgiven.

ITEM 15 CUSTODY

Clients' cash, securities, and other assets in our investment management programs remain in the custody of HBI's clearing firm, Pershing or other program custodian. Pershing and the other custodians provide usual and customary custodial services and certain administrative services.

HBI is deemed to have legal custody of client accounts in which clients grant HBI the ability to (i) initiate fund transfers to other accounts the Client owns or to third parties or (ii) deduct its investment advisory fees upon submitting an instruction to the qualified custodian maintaining the client's assets. However, HBI does not receive or retain physical custody of any client assets in its investment management programs. If clients forward assets to us, such as a stock certificate, we will return them to clients so that the clients can send them to Pershing or the relevant program custodian; however, clients may forward checks made payable to a custodian to us for forwarding to the custodian.

Clients receive account statements directly from Pershing or the other program custodian. Clients should review these account statements carefully. HBI urges clients to carefully review such statements and to compare them to any other statements received from others.

ITEM 16 INVESTMENT DISCRETION

The investment advice HBI provides under the ACAMP+, Choice, Portfolio Builder and Envestnet APM Programs generally is non-discretionary in nature and trades are generally placed only if the client approves of the IAR's recommendation. However, clients in the Choice and Portfolio Builder Programs are able to grant discretionary authority to HBI that enables the IAR to take the following actions without the client's consent: (i) replace any of the client's mutual fund holdings with mutual funds or other securities that have a similar objective and investment style (*e.g.*, large cap growth, small cap value *etc.*) from a predetermined list of funds and (ii) rebalance the client's account holdings when they materially drift from the established target allocations or (iii) exercise full discretion in the client's account based on which Program the client chooses to participate in. Such trading authority is considered to be discretionary in nature. Clients can revoke such authority by notifying HBI.

ITEM 17 VOTING CLIENT SECURITIES

As a matter of firm policy and practice, HBI does not have any authority to and does not vote proxies on behalf of advisory clients. Nor do we provide advice on proxy or other solicitations. Clients retain the responsibility for receiving and voting proxies for all securities maintained in client portfolios. Clients will receive their proxies and other solicitations directly from their custodian. We are not obligated to take any action or render any advice with respect to securities held in your account(s) that become subject to legal notices or proceedings, including bankruptcy proceedings.

ITEM 18 FINANCIAL INFORMATION

As an investment adviser registered with the SEC, HBI is required to provide certain financial information or disclosures about HBI's financial condition. HBI has no financial condition that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.