

Highland Capital Advisors, LLC

Implemented Solutions

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This Brochure provides information about the qualifications and business practices of Highland Capital Advisors, LLC (“HCA”). If you have any questions about the contents of this Brochure, please contact us at compliance@hcadv.com.

While the United States Securities and Exchange Commission (SEC) and state securities authorities require the preparation and submittal of this Brochure, they do not approve or verify the contents. HCA is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about HCA also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Since our last annual amendment filing in February 2020, we have updated the language for clarity and readability but have no material changes to this disclosure brochure.

Given the uncertain impacts of COVID-19 on our clients, we acquired a loan under the Paycheck Protection Program (PPP) to ensure we could maintain our full team during this period of uncertainty.

Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent 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 further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting compliance@hcportfolios.com .

Additional information about HCA is also available via the SEC's web site www.adviserinfo.sec.gov.

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Item 4 – Advisory Business

HCA is an investment advisory firm registered with the SEC. Our primary business is to provide non-discretionary consulting services (“Investment Consulting”) to retirement plan sponsors and other institutional investors. That service is the subject of a separate Form ADV Part II.

“Implemented Solutions” is an optional service offered by HCA to certain individual and institutional clients where we assume some degree of discretionary authority to assist clients with the implementation of their investment plans. This Form ADV Part 2A is offered to potential and existing Implemented Solutions clients to provide an understanding of this service.

HCA was formed in 2005. HCA’s founding Principals are William S. Small and Richard C. Wyman.

Implemented Solutions Services

HCA helps clients develop an investment plan by discussing their circumstances and investment objectives and then helping them design and implement investment strategies to help meet the objectives. The specific services provided for a given client will vary depending on their unique needs and circumstances and will be memorialized in the each client’s written Service Agreement. Available services include:

- Meeting with clients to understand needs, investment objectives and risk tolerances
- Establishing investment guidelines or a written investment policy statement (“IPS”)
- Assisting with the design of an investment menu or strategic asset allocation
- Assisting with the selection of 3rd party investment funds
- Periodic monitoring of investment holdings and performance
- Assisting with cash flow forecasts and other analyses relevant to the investment strategy
- Where indicated, provide discretionary fund selection and/or trading authority with the client’s 3rd party custodian. See “Investment Discretion” for more information.

The agreed upon services will be provided until either party terminates the agreement or, if applicable, when the project is complete.

HCA’s advice is restricted to “non-covered” securities under our Code of Ethics which includes open end funds, collective trust funds, variable annuities, money market funds, and 3rd party separate account managers. HCA does not provide specific advice with respect to individual stocks, bonds, derivatives or other “covered securities” under our Code of Ethics.

HCA provides periodic reviews of your portfolios. This does not constitute continuous portfolio supervision and, as such, we do not consider assets in client portfolios to be regulatory “assets under management”. As of December 31, 2020 HCA does not have any assets under management.

Fiduciary Status

For all clients, HCA acts in a fiduciary capacity under the Investment Advisors Act of 1940 (“’40 Act”). Additionally, for retirement plans covered by the Employee Retirement Income Security Act (“ERISA”), we act as a fiduciary under ERISA Section 3(21) unless the terms of the service agreement specifically indicate that we are operating in an ERISA 3(38) capacity. In either situation, we are always acting under the authority of the top-level Plan fiduciary, typically the Plan Sponsor. We do not act in the capacity of Sponsor, Trustee, or Plan Administrator. HCA’s services are provided at the direction of the Sponsor who, in every case, retains the ultimate authority delegate and monitor as they see fit.

Item 5 – Fees and Compensation

Fees for investment advisory services are structured as an ongoing retainer typically expressed either as a fixed fee or as a percentage of assets under advisement. Clients can pay these fees directly, direct their custodian to pay the fee from the portfolios or authorize HCA to deduct the fee from your custodial account(s). The source of payment has no bearing on the level of fees.

For retail clients (individuals, families and households), our standard annual fee is structured as a percentage of the assets under advisement as follows: .70% of the first \$1 million, .50% of the next \$4 million, .30% thereafter subject to an overall minimum annual fee of \$2,500. Fees for non-advisory work (see item 10) may be on some other basis such as hourly charges or flat project fees. If a client is subject a non-standard fee schedule due to their unique needs and circumstances it will be memorialized in the clients written Service Agreement.

Fees are expressed as a fully annualized rate. One-fourth of these annual fee rates are charged each calendar quarter in arrears (after the services are performed). Thus, there is no pre-payment of fees, and if services are ever terminated, there is no fee rebate due. Rather, the final fee would be based upon a pro-rata charge of the normal quarterly fee based upon the length of time services were provided during the quarter and the most recently available asset values prior to the cessation of services or transfer of account(s) to another custodian. Some additional details about your fees are summarized below:

- All percentage fees are based on the fair market value of assets (“MVA”) of the account(s) as of the last business day of each calendar quarter.
- For nondiscretionary accounts or accounts with difficult to ascertain values, MVA will be based upon data you provide directly or as aggregated through a 3rd party wealth management platform that you authorize and maintain. For security and regulatory reasons, HCA does not possess transactional login credentials to these accounts. HCA relies on you to keep this data reasonably current. HCA will use the most recent data available at the time fees are processed, even if you have failed to keep that data current.
- All fee deductions are shown as explicit line-item payments on your custodial statements. This provides you a transparent way to see the deduction of our fees. Clients can request that HCA provide additional supporting details about how the fee was calculated at any time.

Separate from HCAs fees, additional fees, and transaction costs will be incurred. These primarily consist of internal operating expenses with a mutual fund or ETF and transaction costs or commissions charged by your custodian for buying or selling funds on their platform. HCA does not participate in these fees.

All fees are subject to customization considering the size and complexity of the portfolios and the specific scope of services. For institutional (non-retail) clients, we typically pass-through travel and other direct expenses without markup. Specific fee terms are established in each clients written Service Agreement with HCA.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

Item 6 – Performance-Based Fees

HCA 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).

Item 7 – Types of Clients

HCA provides services to institutions (Corporations, Taft Hartley Trusts and Non-profit organizations), Plan Sponsors (defined contribution, defined benefit, nonqualified), foundations, endowments and retail investors (individuals, families and households).

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

HCA provides analysis and advice with respect to pooled investment funds (Mutual Funds, Exchange Traded Funds, Collective Trust Funds, Variable Annuities, etc.) and 3rd party Separate Account Managers. We evaluate portfolio strategies using a variety of risk frameworks based upon client needs. These include mean variance optimization, asset / liability management, monte-carlo simulation, value-at-risk, cash flow forecasting, horizon alignment and other techniques.

In performing our work, we rely on 3rd party data services, fund prospectuses or offering documents, institutional investment analytic systems and proprietary analysis. The work HCA provides is meant to supplement, not replace the critical disclosure documents associated with pooled investment products. These documents provide important additional disclosures that each client should consider.

Investment performance is a unique function of each client's cash flows, asset allocation and underlying fund / manager selections. HCA does not have a performance track record that can be shared, advertised or otherwise used to promote our business. Each client's performance is uniquely their own.

In all cases, investing in securities involves risk of loss that clients should be prepared to bear.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of HCA or the integrity of HCA's management. HCA has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

The services described above are the primary business of HCA. However, we may also work with clients on a variety of other matters. For retail investors, this can include Retirement Planning services which are described in further detail, including any associated fees, in an addendum to the clients Service Agreement. For institutional investors this can include a variety of employee benefit consulting topics, including: plan design, competitive practices, adequacy, compliance, vendor selection other related aspects of their employee benefit programs that do not include giving specific investment advice. Such services can vary widely by client. Across the firm, these services vary significantly year to year and are often of a project nature. We typically expect that between 10% and 30% of our time is spent on such activities in a given year.

Item 11 – Code of Ethics

HCA has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All HCA's supervised employees are required to acknowledge and follow HCA's Code of Ethics. Below are selected highlights from the Code of Ethics which any client or prospect can request at any time by contacting compliance@hcadv.com.

Personal Security Trading

When an advisor recommends the purchase or sale of securities to a client in which they (or their other clients) have a position of interest, a potential conflict exists which needs to be carefully monitored, managed and disclosed. However, certain classes of securities ("non-covered securities") or transactions ("excludable transactions") are deemed to be excludable under the law and under our Code of Ethics.

HCA does not make client recommendations regarding the purchase or sale of individual stocks, bonds, Initial Public Offerings (IPOs), private offerings or other "covered securities". Open end funds, money market funds and other "non-covered securities" are the only types of securities we recommend (or select when acting with

discretion) for our clients. Thus, we anticipate little opportunity for overlap between client recommendations and a personal transaction of covered securities that a supervised employee of HCA might make. Nevertheless, HCA monitors supervised employee investment activity to assure no unanticipated client conflicts of interest arise.

Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. HCA is not dually registered and does not have an affiliated broker-dealer. Further, HCA does not maintain a proprietary trading account of any kind – all firm assets are invested in cash equivalents.

Vendor Sponsored Activity

Retirement plan clients are typically served by other 3rd party “vendors” such as fund managers, record-keepers, accountants, etc. HCA receives no direct compensation of any kind from these vendors. HCA will occasionally co-host or attend educational meetings, seminars or conferences sponsored and paid for by one or more of these vendors that may or may not share a business relationship with a HCA Client. The sponsorship of these events can be secondary (e.g., vendor sponsorship of an industry conference such as CIMA or ASPAA) or primary (e.g., a lunch meeting for HCA personnel). The cost and value of these sponsored activities is not assignable to any particular HCA Client or Plan.

Item 12 – Brokerage Practices

HCA clients are free to work with investment custodians, broker dealers, fund companies and service providers of their choice. HCA imposes no requirements, assumes no discretion over their selection and accepts no compensation from such providers. Further, the client's underlying 3rd party portfolio (fund) managers assume all responsibility with respect to all underlying portfolio transactions and related requirements, including best execution. HCA maintains no authority and is not a party to the execution or monitoring of those transactions.

A client who has selected Charles Schwab & Co. ("Schwab") as their custodian / broker can elect to use HCA's Implemented Solutions service and give HCA limited discretion to assist with the purchase or sale of investments. Such transactions are restricted to "non-covered securities" under our Code of Ethics (open end funds and money market funds for example). While clients are free to use any custodian or broker of their choosing, HCA only provides these limited scope Implemented Solutions services when Schwab is selected. When HCA is engaged to provide this service, it is with the knowledge the client has selected Schwab as the firm they wish to use to custody their assets and to broker their trades and that they have directed HCA to execute transactions within those constraints.

Schwab is a registered broker-dealer and SIPC member. Schwab provides HCA with access to its institutional trading and operations services, which are not typically available to Schwab retail investors. These services are generally available to independent investment advisors like HCA at no charge so long as a total of at least \$10 million of the adviser's Clients' account assets are maintained at Schwab. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Some services help us manage or administer our clients' accounts, while others help us manage and grow our business.

Schwab's services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. Schwab Institutional also makes available to HCA other products and services that benefit HCA but may not directly benefit its Clients' accounts. These include software and other technology that provide access to Client account data (such as trade confirmation and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple Client accounts), provide research, pricing information and other market data, facilitate payment of HCA's fees from its Clients' accounts and assist with back-office support, recordkeeping and Client reporting. Some of these services may be used to service HCA accounts, including accounts not maintained at Schwab.

Schwab may also provide HCA other services intended to help HCA manage and further develop their respective business enterprises. This may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services to HCA by independent third-parties. Schwab may discount or waive fees that it would otherwise charge for some of these services, or pay all or a part of the fees charged by a third-party for providing these services to HCA. The availability of the foregoing products and services is not contingent on HCA committing to Schwab any specific amount of business (assets in custody or trading). Receiving the above referenced products and services at no cost creates a conflict of interest because we have an incentive to encourage clients to use Schwab. That said, HCA emphasizes to Clients their unrestricted right to select and choose any custodian, broker, or dealer they wish. In some instances, HCA may aggregate transactions (also known as block trading). Aggregating transactions allows the trading of aggregate blocks of securities from multiple client accounts. Generally, aggregating client transactions allows HCA to execute transactions in a more timely, efficient, and equitable manner and seeks to obtain better prices and lower execution costs for our clients.

HCA strives to further protect clients by providing the following independent reviews:

- Highland will review available fund share classes at the time of purchase to identify the most cost-effective class, unless the client has specific need or preference for another class.
- Highland will periodically evaluate the opportunity for client to exchange share classes to a different share class which may provide an opportunity to reduce fund fees; and
- Prior to recommending open-end funds, Highland will review the fund's operating expense ratio, turnover rates, transaction fees, net performance and other factors that help assure fees are reasonable.

Item 13 – Review of Accounts

HCA periodically reviews client investment holdings annually or more frequently at the client's request or as memorialized in the client Service Agreement. These reviews can be conducted in writing, by phone, in person or remotely.

HCA does not monitor individual client security transactions, whether made directly by the client or by a 3rd party manager, in between these periodic reviews.

Item 14 – Client Referrals and Other Compensation

HCA does not compensate 3rd party, non-supervised persons for client referrals.

Item 15 – Custody

HCA does not take physical custody of client assets, nor does it take discretion over the selection of a 3rd party custodian or recommend any specific custodian. HCA will currently only accept limited discretion under the Implemented Solutions service for clients that utilize Schwab as their 3rd party custodian (see "Investment Discretion"). In such cases, the use of HCA's Implemented Solutions service shall constitute direction from the client to utilize Schwab for custody and trading.

Client authorization for HCA to deduct its fees directly from the custodial account(s) may constitute a limited form of custody and shall be disclosed to the SEC accordingly. In such cases, all fees will show up as transparent deductions from client account(s).

At least quarterly, clients should receive statements directly from the broker dealer, bank or other qualified custodian that holds and maintains their investment assets. As an important safeguard, HCA urges you to carefully review such statements and compare such official custodial records to the account statements and fee schedules that we or other providers may provide to you, noting that our reports may vary from custodial statements based on accounting procedures, reporting dates, or the valuation methodologies of certain securities.

Clients have the option to provide HCA limited authority to initiate movement of funds on their behalf subject to specific limitations meant to assure that HCA is not deemed to have custody of client assets (see "Investment Discretion")

Item 16 – Investment Discretion

Under the Implemented Solutions service, HCA will accept limited discretion to assist clients with security selection and/or transactions through their broker dealer / custodian. The nature of the limited discretion we assume is determined exclusively by each client's preference and particular circumstances and is memorialized in each client's Service Agreement. Our general guidelines are as follows:

- The discretion to select funds or execute fund trades in a client portfolio is always discharged within the context of a pre-approved client investment strategy. For some clients this will take the form of a highly specific investment policy statement with allocation targets and rebalancing parameters where resulting trades are client-reviewed and pre-authorized. For other clients the parameters will be less specific. For example, a client may authorize HCA to implement a 50% stock index mutual fund target with no specific parameters around which mutual funds to buy or sell to achieve this target. In such cases, HCA will use its best judgment and the client's best interests to select suitable funds.
- The only securities we will accept discretion over are those considered non-covered securities under our Code of Ethics. In cases where HCA inherits covered securities at the inception of the relationship, those securities will only be traded at the direction of the client.
- Under the Implemented Solutions service, as memorialized and authorized in the client Service Agreement (and/or agreement with the client's 3rd party custodian) and subject to written restrictions or parameters provided by the client, the specific acts of limited discretion we will provide are:
 - Execution of client directed purchases and sales

- Execution of purchases and sales of under pre-approved guidelines or policies
 - Selection of non-covered fund securities
 - Payment of advisory fees according to the fee schedule established in the client Service Agreement (for clients that prefer this method of payment)
- Further, under the Implemented Solutions service, a client has the option to provide HCA authorization to move money on their behalf (transfers between accounts, one time or periodic movement of money to a bank account, etc.) subject to the following:
 - At the client's request, and after having the proper authorization on file with the custodian, HCA can initiate one time or ongoing "first party" ACH or ACAT money or security movements between client accounts (movements between the accounts held in the name of the client) so long as the account details (institution, routing and account numbers, etc.) are provided at the time authorization is granted;
 - HCA will not initiate movements of money from the custodian to a *third party* (someone other than the client) without the review and approval of the client;
 - First party *wire* transactions require the review and signature of the client unless the account specifics (Name, Routing number, account number, etc.) were provided at the time the HCA's authorization was established with the custodian.
- In cases where the specific timing of trades is subject to our discretion, no attempt is made to "time the market". General timing parameters are typically discussed with the client in advance (for example, a large allocation shift may accompany a client approval to implement the shift over several quarters on a discretionary basis).
- For clients utilizing 3rd party Separate Account Managers, Highland is exclusively nondiscretionary with respect to those accounts and security transactions are only known to Highland on an "after-the-fact" reporting basis.

Item 17 – Voting Client Securities

HCA does not accept discretion with respect to the exercise of client voting rights. Clients may retain this responsibility or pass them through to a 3rd party (managers, custodians, plan participants, trustees, etc.).

Item 18 – Financial Information

Registered investment advisers are required to provide you with certain financial information or disclosures about HCA's financial condition. HCA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.