

# Wrap Fee Program Brochure



## HOLISTIC FINANCIAL PARTNERS PROGRAM

Sponsored by

### **HOLISTIC FINANCIAL PARTNERS, LLC**

*a Registered Investment Adviser*

March 1, 2021

9959 Crosspoint Blvd  
Indianapolis, IN 46256

(317) 550-3400

[www.holisticfinancialpartners.com](http://www.holisticfinancialpartners.com)

This brochure provides information about the qualification and business practices of Holistic Financial Partners, LLC (hereinafter “HFP” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

**Item 2. Material Changes**

In this Item, HFP is required to discuss any material changes that have been made to this brochure since the last annual amendment. Since the last annual amendment on March 1, 2020, HFP has had no material changes.

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## Item 4. Advisory Business

The Holistic Financial Partners Program (the “Program”) is an investment advisory program sponsored by HFP. In addition to the Program, the Firm may offer a variety of advisory services, which include financial planning, consulting, and investment management services under different arrangements than those described herein. Prior to HFP rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with HFP setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

HFP has been owned by Jason Llewellyn since June 3, 2015. As of December 31, 2020, HFP had \$277,634,121 of assets under management, all being managed on a discretionary basis.

While this brochure generally describes the business of HFP, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on HFP’s behalf and is subject to the Firm’s supervision or control.

### Description of the Program

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The Program is offered as a wrap fee program, which provides clients with the ability to trade in certain investment products without incurring separate brokerage commissions or transaction charges. A wrap fee program is considered any arrangement under which clients receive investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions for a specified fee or fees not based upon transactions in their accounts. Clients must also open a new securities brokerage account and complete a new account agreement with Schwab Advisor Services™ (“Schwab”), or another broker-dealer that HFP approves under the Program (collectively “Financial Institutions”).

At the onset of the Program, clients complete an investor profile describing their individual investment objectives, liquidity and cash flow needs, time horizon and risk tolerance, as well as any other factors pertinent to their specific financial situations. After an analysis of the relevant information, HFP assists its clients in developing an appropriate strategy for managing their assets. Clients’ investment portfolios are generally managed on a discretionary or non-discretionary basis by HFP’s investment adviser representatives and/or one or more independent investment managers (collectively, the “Independent Managers”), as recommended or selected by HFP. HFP and/or the Independent Managers generally allocate client assets among the various investment products available under the Program, as described further in Item 6 (below).

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## Fees for Participation in the Program

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The Program is offered on a fee basis, meaning participants pay a single annualized fee based upon assets under management (the “Program Fee”).

The Program Fee generally varies between 75 and 115 basis points (0.75% - 1.15%) in accordance with the following blended fee schedule.

<b><u>PORTFOLIO VALUE</u></b>	<b><u>BASE FEE</u></b>
First \$500,000	1.15%
Next \$500,000	1.05%
Next \$2,000,000	0.95%
Next \$2,000,000	0.85%
Above \$5,000,000	0.75%

The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by HFP on the last day of the previous billing period. If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a pro rata basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

## Fee Comparison

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As referenced above, a portion of the fees paid to HFP are used to cover the securities brokerage commissions and transactional costs attributed to the management of its clients’ portfolios. The fees do not, however, include all fees (including those charged by the Independent Managers). Additional fees are discussed below.

Services provided through the Program may cost clients more or less than purchasing these services separately. The number of transactions made in clients’ accounts, as well as the commissions charged for each transaction, determines the relative cost of the Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. Fees paid for the Program may also be higher or lower than fees charged by other sponsors of comparable investment advisory programs. Because HFP absorbs certain transaction costs in client accounts, HFP may have a financial incentive not to place transaction orders in those accounts since doing so increases HFP’s

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transaction costs. Thus, an incentive exists to place trades less frequently in a wrap fee arrangement.

### **Fee Discretion**

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HFP, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

### **Other Charges**

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In addition to the advisory fees paid to HFP, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions. These additional charges may include fees charged by the Independent Managers, margin costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund Program Fees and other fund expenses), fees and commission for assets not held with Schwab (such as 401(k) or 529 plan assets), transfer taxes, wire transfer and electronic fund fees.

### **Direct Fee Debit**

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Clients generally provide HFP and/or certain Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to HFP.

### **Account Additions and Withdrawals**

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Clients may make additions to and withdrawals from their account at any time, subject to HFP's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to HFP, subject to the usual and customary securities settlement procedures. However, HFP designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. HFP may consult with its clients about the option and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charge) and/or tax ramifications.

## **Compensation for Recommending the Program**

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HFP has no internal arrangements in place whereby persons recommending the Program are entitled to receive additional compensation as a result of clients' participation. A person recommending the Program will not earn more compensation than he or she would otherwise receive if a client elected another investment management program.

## **Item 5. Account Requirements and Types of Clients**

HFP offers services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

### **Minimum Account Requirements**

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HFP does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship. Certain Independent Managers may, however, impose more restrictive account requirements and billing practices from the Firm. In these instances, HFP may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

## **Item 6. Portfolio Manager Selection and Evaluation**

Clients' investment portfolios are typically managed by HFP, but the Firm may also utilize certain Independent Managers, as referenced above.

## **Financial Planning and Consulting Services**

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HFP offers clients a broad range of financial planning and consulting services, which may include any or all of the following functions:

- Divorce Planning
- Business Planning
- Cash Flow Forecasting
- Trust and Estate Planning
- Budgeting
- Insurance Planning
- Retirement Planning
- Education Planning
- Tax Planning
- Manager Due Diligence

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While each of these services is available on a stand-alone basis outside of the Program, many of them are also rendered in conjunction with investment portfolio management in the Program as part of a comprehensive wealth management engagement. The specific services are discussed in the applicable Advisory Agreement.

In performing these services, HFP is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. HFP may recommend that clients engage the Firm for additional related services, its Supervised Persons in their individual capacities, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if clients engage HFP or its affiliates to provide additional services for compensation. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by HFP under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising HFP's recommendations and/or services.

### **Portfolio Management Services**

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HFP primarily allocates client assets among various mutual funds, exchange-traded funds ("ETFs"), individual debt and equity securities, and Independent Managers in accordance with their stated investment objectives.

Where appropriate, the Firm may also provide advice about any type of legacy position or other investment held in client portfolios. Clients may engage HFP to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, HFP directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

HFP tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. HFP consults with clients on an initial and ongoing basis



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to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify HFP if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if HFP determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

### **Side-By-Side Management**

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HFP does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

### **Methods of Analysis**

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HFP utilizes a combination of behavioral finance methods of analysis and an asset allocation strategy based on a derivative of Modern Portfolio Theory ("MPT").

Behavioral finance analysis involves an examination of conventional economics as well as behavioral and cognitive psychological facts. Behavioral finance methodology seeks to combine a qualitative and quantitative approach to provide explanations for why individuals may, at times, make irrational financial decisions. Where conventional financial theories have failed to explain certain patterns, the behavioral finance methodology investigates the underlying reasons and biases that cause some people to behave against their best interests. The risks relating to behavioral finance analysis are that it relies on spotting trends in human behavior that may not predict future trends.

Modern Portfolio Theory ("MPT") is a mathematical based investment discipline that seeks to quantify expected portfolio returns in relation to corresponding portfolio risk. The basic premise of MPT is that the risk of a particular holding is to be assessed by comparing its price variations against those of the market portfolio. However, MPT disregards certain investment considerations and is based on a series of assumptions that may not necessarily reflect actual market conditions. As such, the factors for which MPT does not account (e.g., tax implications, regulatory constraints and brokerage costs) may negate the upside or add to the actual risk of a particular allocation. Nevertheless, HFP's investment process is structured in such a way to best attempt to integrate those assumptions and real life considerations for which MPT analytics do not account.

### **Investment Strategies**

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HFP employs a number of investment strategies with varying degrees of risk/return expectations. The Firm's belief is that the key to successful investing is global diversification and maintaining a long-term time horizon.

The first step in the construction of the investment strategies is to build strategic allocations for each portfolio. The strategic allocations provide sensible long-term allocations that act as constant frames of reference against which to measure the impact HFP's tactical decisions.

The next step is determining tactical allocation targets based on the Firm's fundamental, technical, and cyclical analysis. The resulting data gathered from the Firm's analysis may persuade it (usually in the form of extreme under or overvaluation) to deviate from the strategic allocations in favor of more attractive classes. These may be asset classes that are included in HFP's strategic allocations, but it is also not uncommon for asset classes to be considered that are outside of the strategic allocation.

The final step is using scenario analysis for risk assessment. Each of HFP's strategies has a one-year loss threshold to provide a frame of reference for informed decision making for clients. Different risk scenarios are identified and used to assess the potential impact on each holding as well as the portfolio as a whole. If risk is in excess of the threshold, the portfolio is adjusted.

### **Risk of Loss**

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#### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of HFP's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that HFP will be able to predict those price movements accurately or capitalize on any such assumptions.

#### *Mutual Funds and ETFs*

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An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Use of Independent Managers*

As stated above, HFP may select certain Independent Managers to manage a portion of its clients' assets. In these situations, HFP continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, HFP generally may not have the ability to supervise the Independent Managers on a day-to-day basis.

### *Cybersecurity Risk*

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There are a number of operational and systems risks involved in investing, including but not limited to “cybersecurity” risk. As the use of technology has increased, your account(s) have become potentially more susceptible to operational risks through breaches in cybersecurity. A breach in cybersecurity refers to both intentional and unintentional events that may cause Keystone to lose proprietary information, suffer data corruption, or lose operational capacity. This in turn could cause Keystone and/or your account(s) to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. If a cybersecurity breach were to occur it could result in a third party obtaining unauthorized access to your information, including Social Security numbers, home addresses, account numbers, account balances, and account holdings. Cybersecurity breaches may involve unauthorized access to digital information systems (e.g., through “hacking” or malicious software coding), and may also result from outside attacks such as denial-of-service attacks (i.e., efforts to make network services unavailable to intended users). In addition, cybersecurity breaches of third-party service providers (e.g., an account’s custodian) or issuers of securities in which an account invests can subject your account(s) to many of the same risks associated with direct cybersecurity breaches. Although Keystone has put in place systems designed to reduce the risks associated with cybersecurity threats, there is no guarantee that such efforts will succeed.

These risks include the following:

- You can lose more funds than you deposit in your margin account.
- The account custodian or clearing firm can force the sale of securities or other assets in your account.
- The account custodian or clearing firm can sell your securities or other assets without contacting you.
- You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call.
- The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities.
- The account custodian or clearing firm can increase its “house” maintenance margin requirements at any time and they are not required to provide you advance written notice.
- You are not entitled to an extension of time on a margin call.

### Voting of Client Securities

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HFP generally does not accept the authority to vote a client's securities (i.e., proxies) on their behalf. Clients receive proxies directly from the financial institutions where their assets are custodied and may contact the Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations.

### **Item 7. Client Information Provided to Portfolio Managers**

In this Item, HFP is required to describe the type and frequency of the information it communicates to the Independent Managers, if any, managing its clients' investment portfolios. Clients participating in the Program generally grant HFP the authority to discuss certain non-public information with the Independent Managers engaged to manage their accounts. Depending upon the specific arrangement, the Firm may be authorized to disclose various personal information including, without limitation: names, phone numbers, addresses, social security numbers, tax identification numbers and account numbers. HFP may also share certain information related to its clients' financial positions and investment objectives in an effort to ensure that the Independent Managers' investment decisions remain aligned with its clients' best interests. This information is communicated on an initial and ongoing basis, or as otherwise necessary for the management of its clients' portfolios.

### **Item 8. Client Contact with Portfolio Managers**

In this Item, HFP is required to describe any restrictions on clients' ability to contact and consult with the portfolio managers managing their investment portfolios. There are no restrictions on clients' ability to correspond with HFP. Clients can generally contact the Independent Managers managing their portfolios through HFP by providing the Firm with written request and identification of the questions or issues to be discussed with the Independent Managers. After receiving the client's written request, HFP, at its sole discretion, may contact the Independent Managers for the client or arrange for the Independent Managers and the client to communicate directly.

### **Item 9. Additional Information**

## **Disciplinary Information**

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HFP has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

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This Item requires investment advisers to disclose certain financial industry activities and affiliations.

### *Other Business Ventures*

The Firm's Supervised persons may be involved in other business ventures and clients of the Firm may also be involved in such businesses. Where the Firm's Supervised Persons and clients are involved in a business, neither the Firm nor the Supervised Persons will recommend or advise on that investment and clients considering investing will receive specific disclosure of the conflict of interest.

## **Code of Ethics**

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HFP had adopted a code of ethics in compliance with applicable securities laws (the "Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. HFP's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of HFP's personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, the Firm's Supervised Personal are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

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When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issues by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact HFP to request a copy of its Code of Ethics.

### **Account Reviews**

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from HFP and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from HFP or an outside service provider.

### **Client Referrals**

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The Firm does not currently provide compensation to any third-party solicitors for client referrals.

### **Receipt of Economic Benefit and Brokerage Practices**

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HFP generally recommends that clients utilize the custody, brokerage and clearing services of Schwab for investment management accounts. Factors which HFP considers in recommending Schwab or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service.

The execution clients receive from Schwab will comply with the Firm's duty to obtain "best execution." In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker/dealers in return for investment research products and/or services which assist HFP in its investment decision-making process. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because HFP does not have to produce or pay for the products of services.

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

HFP may receive computer software and related systems support from Schwab without cost, which allow HFP to better monitor client accounts maintained at Schwab. HFP may receive the software and related support without cost because the Firm renders investment management services to clients that maintain assets at Schwab. The software and support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The software and related systems support may benefit HFP, but not its clients directly. In fulfilling its duties to its clients, HFP endeavors at all times to put the interests of its clients first. Clients should be aware, however, that HFP's receipt of economic benefits from a broker/dealer creates a conflict of interest since these benefits may influence the Firm's choice of one broker/dealer over another that does not furnish similar software, systems support or services.

Specifically, HFP may receive the following benefits from Schwab:



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- Credits to be used toward qualifying third-party service providers used in connection with the initial set up of the Firm's research, technology and software platforms;
- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its institutional traders;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- Access to an electronic communication network for client order entry and account information.

HFP does not consider, in selecting or recommending broker/dealers, whether the Firm receives client referrals from the Financial Institutions or another third party.

### **Financial Information**

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HFP is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.