

**Item 1: Cover Page**  
**Part 2A Appendix 1 of Form ADV: Wrap Fee Program Brochure**  
**September 2021**



**Wrap Program**

**Sponsored by:**

**Hansen & Associates Financial Group, Inc.**  
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**Mark Hansen**  
**Chief Compliance Officer**

This brochure provides information about the qualifications and business practices of Hansen & Associates Financial Group, Inc. If clients have any questions about the contents of this brochure, please contact us at (916) 706-1234 or [mark@hansenfg.com](mailto:mark@hansenfg.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority. Additional information about our firm is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD #168363.

Please note that the use of the term "registered investment adviser" and description of our firm and/or our associates as "registered" does not imply a certain level of skill or training. Clients are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise clients for more information on the qualifications of our firm and our employees.

## **Item 2: Material Changes**

Hansen & Associates Financial Group, Inc. is required to notify clients of any information that has changed since the last annual update of the Wrap Brochure (“Wrap Brochure”) that may be important to them. Clients can request a fully copy of our Wrap Brochure or contact us with any questions that they may have about the changes.

Since the last annual amendment filed on February 4, 2021, we have established a custodial relationship with LPL Financial. We have also applied to convert from state to SEC registration because our firm has surpassed \$100 million in assets under management.

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## Item 4: Services, Fees & Compensation

Our firm manages assets for many different types of clients to help meet their financial goals while remaining sensitive to risk tolerance and time horizons. As a fiduciary, it is our duty to always act in the client's best interest. This is accomplished in part by knowing the client. Our firm has established a service-oriented advisory practice with open lines of communication. Working with clients to understand their investment objectives while educating them about our process, facilitates the kind of working relationship we value.

Our firm sponsors and offers a wrap fee program, which allows clients to pay a single fee for investment advisory services and associated custodial transaction costs. Transaction fees will be paid by our firm via individual transaction charges. Because our firm absorbs client transaction fees, an incentive exists to limit trading activities in client accounts. Custodial transaction costs, however, are not included in the advisory fee charged by our firm for non-wrap services, and are to be paid by the client to their chosen custodian. Depending on the client's account or portfolio trading activity, clients may pay more for using our wrap fee services than they would for using our non-wrap services.

Our recommended custodian, Interactive Brokers, does not charge transaction fees for U.S. listed equities and exchange traded funds. Since we pay the transaction fees charged by the custodian to clients participating in our wrap fee program, this presents a conflict of interest because we are incentivized to recommend equities and exchange traded funds over other types of securities in order to reduce our costs.

LPL Financial offers a trading platform with select exchange traded funds ("ETFs") that do not charge transaction fees. The no-transaction-fee ETF trading platform is available to clients participating in LPL Financial's Strategic Wealth Management ("SWM") program. Since our firm pays the transaction fees charged by LPL Financial to clients participating in our wrap fee program, we are incentivized to recommend no-transaction-fee ETFs over other types of securities and ETFs in order to reduce our costs. This presents a conflict of interest because the limited number of ETFs available on the no-transaction fee platform may have higher overall expenses than other types of securities and ETFs not included in the platform. In addition, other major custodians have eliminated transaction fees for all ETFs and U.S. equities, so clients may pay more for investing in the same securities at LPL Financial.

### **Our Wrap Advisory Services**

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#### **Wrap Portfolio Management:**

We manage individualized portfolios for our clients. We work with each client to formulate an individualized portfolio based upon his/her objectives, time frame, risk parameters and other investment considerations. We use marketable securities that may include options, bonds, common stock (equities), and treasury bonds. Our investment philosophy is to use principals of value, safety and quality to seek investment options globally. We place heavy emphasis on risk control, believing that avoiding losses allows appreciation potential of equities to be realized.

## Fee Schedule

Assets Under Management	HAFG's Annual Fee %	FiduciarySolution's Annual Fee%
\$0.00 to \$500,000	0.45%	1.25%
\$500,000.01 to \$1,000,000.00	0.35%	1.25%
\$1,000,000.01 and Above	0.15%	1.25%

Client accounts are billed a flat fee according to the schedule above. The aggregate amount of client assets under our firm's management will determine the tier and corresponding fee assessed. For example, a client that has \$1,250,000.00 in assets under management will be assessed 0.45% on the first \$500,000 assets, 0.35% on the next \$500,000 assets, and 0.15% on assets above \$1,000,000.01 for an average weighted fee of 0.35% by our firm. Fiduciary Solutions, another registered adviser, assess a 1.25% fee across all accounts. We charge a minimum annual fee of \$400.00, so accounts with an average daily value under \$72,728 will be charged more than 0.45%.

Annualized fees are billed on a pro-rata basis monthly in arrears based on the value of the account(s) on the last day of the previous month or time-weighted daily average of the previous month. The specific billing arrangement will be specified in the signed client agreement and/or separate disclosure statement. Fees are negotiable and will be deducted from Client account(s) by our firm. Adjustments will be made for deposits and withdrawals during the month. In rare cases, we will agree to directly invoice. As part of this process, Clients understand the following:

- (a) Client provides authorization permitting our firm and Fiduciary Solutions to be directly paid by these terms; and
- (b) Client's independent custodian sends statements, at least quarterly, showing the market values for each security included in the Assets and all account disbursements, including the amount of the advisory fees paid to our firm and Fiduciary Solutions; and
- (c) If our firm sends a copy of our invoice to the client, legend urging the comparison of information provided in our statement with those from the qualified custodian will be included.

Fees will not be based upon a share of capital gains or capital appreciation of the funds or of any portion of the funds under advisory contract. Fees for services to be performed will not be collected six or more months in advance.

We may from time to time unilaterally amend our fees and billing arrangements. Any change will only become effective after thirty (30) days prior written notice. The fees for these portfolios are not based on the financial performance or capital gains or losses experienced by the Account.

## Other Types of Fees & Expenses:

In addition to our advisory fees above, clients may also pay holdings charges imposed by the chosen custodian for certain investments, charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (e.g., fund management fees, distribution fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions). Our firm does not receive a portion of these fees.

**Termination and Refunds:**

Either party may terminate the advisory agreement signed with our firm for Wrap Portfolio Management services in writing at any time. Upon notice of termination pro-rata advisory fees for services rendered to the point of termination will be charged. If advisory fees cannot be deducted, our firm will send an invoice for due advisory fees to the client.

**Wrap Fee Program Recommendations:**

In exchange for a percentage of the overall fee charged, our firm may recommend the use of another adviser's wrap services. This creates an incentive to recommend client use of these services rather than a non-wrap program as our firm and the wrap program's sponsor may stand to earn higher fees if client accounts are not actively traded.

**Item 5: Account Requirements & Types of Clients**

We provide advice to individuals, corporations and other business entities. The advice to individuals may be for a variety of account types including but not limited to individual, trust, joint, individual retirement accounts, or other qualified accounts.

We do not require a minimum account size or place any other restriction related to opening or maintaining an account.

**Item 6: Portfolio Manager Selection & Evaluation****Selection of Portfolio Managers:**

Our firm utilizes our in-house portfolio managers as well as a selection of outside portfolio managers. In-house accounts are managed by licensed investment adviser representatives ("IARs") of our firm. Prior to becoming licensed with our firm, each IARs industry experience, licensure, outside business activities, client complaints (if any), disciplinary or regulatory history (if any) and financial well-being will be reviewed. Each IAR will then have a Form U4 and ADV Part 2B on file with our firm. Outside portfolio managers, either individually or firm-wide, are selected based on past performance, investment philosophy, market outlook, experience of associated portfolio managers and executive team, disciplinary, legal and regulatory histories of the firm and its associates, and/or whether compliance procedures are in place to address at a minimum, insider trading, conflicts of interest, and/or anti-money laundering.

Performance returns of wrap portfolios are reviewed at least quarterly. The nature of these reviews is to learn whether client accounts are in line with their investment objectives and appropriately positioned based on market conditions. If these standards fall below the client objectives, our firm will discuss the review with the portfolio manager for proactive action to realign the investment strategy.

**Advisory Business:**

Information about our wrap fee services can be found in Item 4 of this brochure. Our firm offers individualized investment advice to our Wrap Portfolio Management clients.

Each Wrap Portfolio Management client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account.

**Participation in Wrap Fee Programs:**

Our firm does not manage wrap fee accounts in a different fashion than non-wrap fee accounts. All accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

**Performance-Based Fees & Side-By-Side Management:**

Our firm does not charge performance-based fees.

**Methods of Analysis and Investment Strategies:**

We primarily use a quantitative, disciplined methodology to develop our strategies. Our style mix consists of three separate components; a fixed base, a flexible absolute return component and a momentum high growth component. The fixed base component consists of a blend of equity and bond exchange traded funds (ETF's). This layer is passive, which means we hold them in a fixed ratio regardless of fluctuations in the market. The middle layer utilizes a style called adaptive asset allocation. Its function is to manage risk by repositioning portfolio holdings based upon a technique that measures total return and volatility with the objective of balancing risk evenly throughout the asset class mix. The top layer of our strategy consists of a selection of ETF's that focus on high growth and emerging technology industries. Central to our core strategy is our style, called adaptive asset allocation. This is an active discipline that rebalances more frequently than traditional asset allocation models. We believe this approach will keep us better aligned with current market trends and helps control our risk exposure. The model is also structured to participate in a wide variety of asset classes, which we feel enables us to quickly respond to variations in asset class risks and relationships. This gives us the flexibility to continually adapt to market changes.

Our Tactical Fixed Income Strategy is an actively managed fixed income portfolio using tactical asset allocation seeking to increase alpha and reduce volatility by rotating efficiently in and out of asset classes as macro, technical or fundamental trends change.

Our Targeted Industries Strategy seeks to target high growth industries of the market to provide high capital appreciation potential.

We consider our approach to facilitate a top-down, or macro approach to investing. By combining two different tactical approaches (momentum and risk parity) into one algorithm, we feel that our model builds a portfolio that ultimately will respond to market conditions with the objective of simultaneously maximizing return while minimizing risk.

In addition to the Methods of Analysis we use the following Investment Strategies:

- Long term purchases (securities held at least a year)
- Short term purchases (securities sold within a year)
- Trading (securities held less than 30 days)

### **Recommended Securities and Investment Risks:**

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and the account(s) could enjoy a gain, it is also possible that the stock market may decrease and the account(s) could suffer a loss. It is important that clients understand the risks associated with investing in the stock market, are appropriately diversified in investments, and ask any questions.

We use several types of securities in our clients' accounts. These securities may include, but are not limited to, the following: Bonds and other corporate debt instruments; Commodities; Currencies (U.S. Dollar and Foreign Currency); Precious Metals such as Gold and Silver; Exchange Traded Funds (including but not limited to currency funds, inverse funds and leveraged funds); Mutual Funds such as Large Cap Growth, Large Cap Value, Mid Cap Growth, Mid Cap Value, Small Cap Growth, and Small Cap Value; ADRs; Government Debt instruments including Treasury Bills and Municipal securities; Stocks; Domestic Real Estate; Foreign Real Estate; Options; Preferred Stock; High Yield Debt; Emerging Markets; Foreign Fixed Income; Domestic Fixed Income; Money Market Funds and Cash. All investments bear different types and degrees of risk and investing in securities involves risk of loss that clients should be prepared to bear. While we use investment strategies that are designed to provide appropriate investment diversification, some investments have significantly greater risks than others. Obtaining higher rates of return on investments entails accepting higher levels of risk. Recommended investment strategies seek to balance risks and rewards to achieve investment objectives. A client's needs to ask questions about risks he/she does not understand. We would be pleased to discuss them.

We strive to render its best judgment on behalf of our clients. Still, we cannot assure or guarantee clients that investments will be profitable or assure that no losses will occur in an investment portfolio. Past performance is an important consideration with respect to any investment or investment adviser but is not a reliable predictor of future performance. We continuously strive to provide outstanding long-term investment performance, but many economic and market variables beyond its control can affect the performance of an investment portfolio. An investment could lose money over short or even long periods. A client should expect his/her account value and returns to fluctuate within a wide range, like the fluctuations of the overall stock and bond markets. A client's account performance could be hurt by:

**Stock market risk:** The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices.

**Interest rate risk:** The chance that bond prices overall will decline because of rising interest rates.

**Manager risk:** The chance that the proportions allocated to the various securities will cause the client's account to underperform relevant to benchmarks or other accounts with a similar investment objective.

**International investing risk:** Investing in the securities of non-U.S. companies involves special risks not typically associated with investing in U.S. companies. Foreign securities tend to be more volatile and less liquid than investments in U.S. securities, and may lose value because of adverse political, social or economic developments overseas or due to changes in the exchange rates between foreign



currencies and the U.S. dollar. In addition, foreign investments are subject to settlement practices, as well as regulatory and financial reporting standards, that differ from those of the U.S.

**Active management fees risk:** Active management strategies that involve frequent trading generate higher transaction costs that diminish the fund's return. In addition, the short-term capital gains resulting from frequent trades often have an unfavorable income tax impact when such funds are held in a taxable account.

#### **Voting Client Securities:**

We do not vote proxies for securities held in clients' accounts. Proxy solicitation materials will be forwarded to clients for response and voting. In the event a client has a question about a proxy solicitation, the client should contact his/her investment adviser representative.

### **Item 7: Client Information Provided to Portfolio Manager(s)**

Our firm communicates with your portfolio manager(s) on a regular basis as needed to ensure your most current investment goals and objectives are understood by your portfolio manager(s). In most cases, our firm will communicate such information as part of our regular investment management duties. Nevertheless, our firm will also communicate information to your portfolio manager(s) when you ask us to, when market or economic conditions make it prudent to do so, etc.

### **Item 8: Client Contact with Portfolio Manager(s)**

Clients are always free to directly contact their portfolio manager(s) with any questions or concerns about their portfolios or other matters.

### **Item 9: Additional Information**

#### **Disciplinary Information**

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events within the past 10-years that would be material to your evaluation of the firm or the integrity of its management.

We have no information applicable to this Item because we have not been the subject of any administrative, civil, criminal or self-regulatory proceedings.

#### **Financial Industry Activities & Affiliations**

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Mark Hansen is the owner of White Rock Capital Management, LLC (CRD# 285501), an exempt reporting advisor. Additional information about White Rock Capital Management, LLC is available by searching the CRD# through the Investment Advisor Public Disclosure website,

www.adviserinfo.sec.gov and upon request. White Rock Capital Management, LLC is the general partner of the White Rock Absolute Return Fund, LP, which is not currently active. Hansen & Associates Financial Group, Inc. will not solicit clients to participate in the White Rock Absolute Return Fund, LP.

Mark Hansen is also an insurance agent licensed in the State of California. As part of the financial planning services Mr. Hansen may recommend the purchase of an insurance product. Although not obligated to, clients can purchase the recommended insurance product through Mr. Hansen. These insurance purchases pay Mr. Hansen an insurance commission. This is a conflict of interest because it creates a financial incentive to recommend the purchase based on a financial incentive and not a need. However, we address the conflict of interest by advising clients that they are not obligated to implement their financial plan or any insurance recommendations through us or our owner. Additionally, we attempt to mitigate any conflicts of interest to the best of our ability by placing the client's interests ahead of our own and through our fiduciary duty.

Mark Hansen is the Vice Chairman of Adapt 2, LLC, which manages leases for oil production. Mr. Hansen does not spend a significant amount of time on this activity. Clients will not be solicited to participate in Adapt 2, LLC.

Representatives of our firm are mortgage brokers and insurance agents/brokers. They offer insurance products and receive customary fees as a result of insurance sales. A conflict of interest exists as these insurance sales create an incentive to recommend products based on the compensation adviser and/or our supervised persons may earn. To mitigate this potential conflict, our firm will act in the client's best interest.

Representatives of our firm are licensed real estate agents. As a result, they receive customary fees associated with real estate transactions. These services are independent of our advisory services and are governed under a separate engagement agreement. Clients are under no obligation to utilize this service and will not be actively solicited.

### **Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

Our Code of Ethics establishes ideals for ethical conduct upon fundamental principles of openness, integrity, honesty, and trust. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

Our Code of Ethics covers all supervised persons and it describes 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, a prohibition of rumor mongering, 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 supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended.

We do not have a material interest in any securities.

On occasion, our owners and investment adviser representatives may buy or sell for their own accounts securities that are the same as, similar to, or different than those that they recommend to their clients for purchase or sale. Differences can arise due to variations in personal goals, investment horizons, risk tolerance, and the timing of purchases and sales. We attempt to mitigate the conflict of interest to the best of our ability through the enactment of our Code of Ethics, trading policies, and

our fiduciary responsibilities. Our associates are aware of their fiduciary duty to their clients and the prohibitions against the use of any insider information. Records of all associates' proprietary trading activities will be kept by us, available to regulators to review on the premises.

### **Review of Accounts**

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Our owner, Mark S. Hansen, reviews client accounts on a quarterly basis. In addition to this review, the other investment advisor representatives also meet with clients annually to discuss and update their financial situations.

Additional reviews are conducted periodically depending on market conditions, economic or political events, or by changes in a client's financial situation (such as retirement, termination of employment, physical move or inheritance).

Financial planning clients will receive a written report upon completion of the financial planning process. Portfolio management and selection of third party adviser clients will receive at least quarterly statements from their account's custodian.

### **Other Compensation**

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We may execute or recommend that clients execute their securities transactions through various firms. The choice of which firm to execute trades through will be determined on the financial strength of the broker or dealer, its reputation, pricing and ability to execute trades in a timely manner. Adviser executes trades through Interactive Brokers or LPL Financial. Interactive Brokers and LPL Financial will generally custody client's assets. Interactive Brokers, LPL Financial, and/or other firms may be paid certain advisory fees, product management fees (on annuities and securities such as mutual funds), administrative fees and/or transaction charges for its role with respect to our accounts. It is important to note that the chosen broker-dealer does not maintain supervisory relationships with respect our firm or its representatives. We are a separately registered and independently controlled entity.

We may receive solicitors' (referral) fees based on a written agreement from unrelated investment adviser firms for referring clients for investment advisory services. A disclosure letter will be provided to the client prior to or at the time of entering into any solicitation arrangement for investment advisory services that identifies the solicitation fee. The solicitor's fee does not increase the fees paid by the client. The recommendation of another investment adviser may create a financial incentive to recommend certain investment advisers over another because we may receive a larger portion of their fee. We attempt to mitigate the conflict of interest by recommending other investment advisers who match the client's financial needs, goals and objectives. Also, clients are not obligated to use any recommended another investment adviser.

Our firm pays referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with relevant state statutes and rules. Such referral fee represents a share of our investment advisory fee charged to our clients. This arrangement will not result in higher costs to the referred client. In this regard, our firm maintains Solicitors Agreements in compliance with relevant state statutes and rules and applicable state and federal laws. All clients referred by Solicitors to our firm will be given full written disclosure describing the terms and fee arrangements between our firm and Solicitor(s). In cases where state law requires licensure of solicitors, our firm ensures that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of our firm. If our firm is paying

solicitation fees to another registered investment adviser, the licensure of individuals is the other firm's responsibility.

### **Financial Information**

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We do not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore we do not have to provide a balance sheet.

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs its ability to service its clients.

We have not been the subject of a bankruptcy proceeding.