

## **Form ADV Part 2A**

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**March 31, 2022**

**This brochure provides information about the qualifications and business practices of The Hoerner Planning Group LLC. If you have any questions about the contents of this brochure, please contact Alexandra C. LaFrankie, Chief Compliance Officer at 540-687- 5090 and/or [alafrankie@hoernerplanninggroup.com](mailto:alafrankie@hoernerplanninggroup.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 The Hoerner Planning Group LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **ITEM 2 - MATERIAL CHANGES**

The last annual update to our brochure was dated March 30, 2021. The following is a summary of the material changes that we have made to our brochure since the last annual update:

Item 4: We updated the assets under management as of December 31, 2021.

Item 8: We have added a section on Venture Capital Investment Risks.

Item 10: We have revised the section on Other Financial Industry Activities and Affiliations.

Item 11: We have revised the section on Personal Trading.

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## **ITEM 4 - ADVISORY BUSINESS**

### **Our Firm**

The Hoerner Planning Group, LLC (“HPG,” “we” or “us”) is an investment adviser registered with the Securities and Exchange Commission that was founded by Henry Rhodes (“Tim”) Hoerner, II in 2006. Mr. Hoerner is the sole owner of HPG. We are organized as a Virginia limited liability corporation and our principal place of business is located at 210 E. Federal Street, Middleburg, Virginia. As of December 31, 2021, our “regulatory assets under management” were approximately \$1,194,123,479 of which approximately \$832,819,744 we managed on a discretionary basis and approximately \$361,202,735, we managed on a non-discretionary basis.

### **Our Services**

We provide comprehensive wealth advisory services to affluent families and their related entities. These entities may include the family’s individual accounts, their trusts, estates, charitable organizations, corporations, pension and profit-sharing plans and other related business entities. We offer these clients financial planning and consulting services which may include estate planning, business succession planning, concentrated stock planning and retirement planning. Financial planning and consulting services are offered on a flat or fixed fee basis.

We offer discretionary and non-discretionary investment management services by providing clients with customized asset allocation advice specifically tailored to meet a client’s financial planning needs. We utilize separate accounts, private partnerships and mutual funds managed by unaffiliated, independent investment managers to implement our asset allocation recommendations (“Independent Manager(s)”). Our criteria and selection process for Independent Managers is described in *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss*.

Investment management services are offered for a fee based on the amount of net assets we manage for a client. Clients may also engage us to provide both financial planning and consulting services as well as investment management services on a flat or fixed fee basis.

**Additional Services.** We may also render investment management services to our clients relating to: (1) variable life/annuity products and/or (2) a client’s individual employer- sponsored retirement plan. In providing such advice, we either direct or recommend the allocation of client’s assets among the various mutual fund subdivisions that will be maintained at either the specific insurance company that issued the variable life/annuity product or at the custodian designated by the sponsor of the client’s retirement plan.

## **ITEM 5 - FEES AND COMPENSATION**

The following section describes how we are compensated for the investment advisor services and financial planning and consulting services that we provide to our clients,

**Investment Management Services.** Under our investment management agreements, we generally charge a management fee at a specified annual percentage rate of each portfolio's assets under management as described below:

<u>Account Value</u>	<u>Annual Fee</u>
up to \$2,000,000	0.70%
above \$2,000,000	Negotiable

Unless we agree otherwise, our investment management agreement generally provides that you must pay management fees to us quarterly in advance. Our investment management agreements typically may be terminated at any time by either party upon written notice to the other party. If your investment management agreement is terminated prior to the end of a calendar quarter, we will calculate and refund to you any unearned management fees paid in advance, prorated to the date of termination.

**Financial Planning Services.** We charge a fixed fee for comprehensive financial planning and consulting services (which may include non-investment related matters). Our financial planning and consulting fees are negotiable, but generally range from \$10,000 to \$150,000 on a fixed fee basis depending upon the level and scope of the services and the HPG professional rendering the financial planning and/or the consulting services. We may negotiate a lesser management fee based upon certain criteria, such as the complexity of the client's overall financial planning situation, the dollar amount of assets to be managed, other related accounts and a pre-existing client relationship. Either party may terminate the agreement by written notice to the other.

In certain circumstances, we may also provide a combination of financial planning and consulting services and investment management services for a fixed fee.

**Private Partnerships.** For private partnerships in your account, our investment management fee will be based on the value of the private partnership as determined by the most recently available partners' capital account statement, adjusted for any distributions and capital contributions made during the period. This account statement is prepared by the Independent Manager. HPG does not receive additional compensation on private placement securities.

### **Other Fees and Expenses**

You will be responsible for paying other fees and expenses related to your portfolio in addition to the investment management fees you pay to us. For example, you will be responsible for paying fees charged directly by Independent Managers (as disclosed in offering memorandum), custodial fees, wire transfer fees, transaction fees, and other fees and expenses to your custodian. In addition, you will be responsible for paying commissions, fees, expenses, and other transaction costs charged by your custodian and/or the brokers used to execute securities transactions for your portfolio, including, without limitation, transactions in shares of the mutual funds, money market funds and/or exchange-traded funds. *Item 12 – Brokerage Practices* of this brochure contains additional information regarding our brokerage practices and the commissions, fees, expenses, and other transaction costs that you may be charged. You will also pay fees and expenses (such as management fees and expenses, distribution fees and expenses, administrative fees, sub-transfer agency and shareholder servicing fees and expenses, and other operating expenses) associated with shares of mutual funds, money market funds,

and/or exchange-traded funds held in your portfolio, which are further described in the prospecti and statements of additional information for these funds.

**Payment of Fees.** Our investment management agreement and/or the separate agreement with the your custodian may authorize us to debit your account for the amount of our investment management fee and to directly remit that fee to us in accordance with applicable custody rules. Each custodian will send a statement to you, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to us.

For investment management accounts, you may make additions to and withdrawals from the account at any time, subject to our right to terminate an account. If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter. You may withdraw account assets on notice to us, subject to the usual and customary securities settlement procedures. HPG designs its accounts as long-term investments and asset withdrawals may impair the achievement of your investment objectives.

Additions may be in cash or in securities, however, we reserve the right to liquidate any transferred securities, or decline to accept particular securities into a client's account. We may consult with you about the options and ramifications of transferring securities. You are advised that when transferred securities are liquidated, they are subject to transaction fees and fees assessed at the mutual fund level (*i.e.*, contingent deferred sales charge) and the sales may result in you paying capital gains taxes.

We do not accept compensation for the sale of securities or other investment products, including asset-based charges or service fees from the sale of mutual funds.

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

Not applicable.

#### **ITEM 7 - TYPES OF CLIENTS**

We provide comprehensive wealth advisory services to affluent individuals and their related entities, including trusts, estates, charitable organizations, corporations and other business entities, foundations, endowments, pension and profit-sharing plans. We do not impose minimum requirements for opening and maintaining an account.

Certain Independent Manager(s) may impose account minimum requirements and maintain billing procedures that vary from those of HPG. In such instances we may modify our account requirements and/or billing practices to accommodate those of the Independent Manager(s)

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **Investment Strategies**

As described in *Item 4 – Advisory Business*, we provide our clients with customized asset allocation advice tailored to meet each client's specific financial planning needs. Most frequently, the investment implementation vehicles are separate accounts managed by Independent Managers, private partnerships managed by Independent Managers and mutual funds. Private partnerships are typically recommended to clients who are "accredited investors" or "qualified purchasers" under the Investment Company Act of 1940, as amended ("1940 Act").

As a rule, we design a client's portfolio with a long-term investment horizon. Our asset allocation recommendations and our selection of Independent Managers reflect that long-term investment horizon. We refer to this process as strategic asset allocation. Typically, a client's assets are broadly diversified across a range of asset categories. Additionally, within each asset category, the investment vehicle (separate account, private partnership or mutual fund) is invested in numerous individual securities. Occasionally, we may identify asset classes which we believe are mispriced. In those cases, we will make tactical asset allocation decisions based on those mispricing opportunities. The tactical asset allocation decisions usually have a shorter investment horizon than the strategic allocation decisions.

**Investment Manager Selection.** We generally select Investment Managers who meet some or all of the following criteria: (1) they utilize a strict value discipline and invest only in securities that are valued by the market at a discount to the Independent Manager's conservative estimate of intrinsic value; (2) they focus first on protecting capital and, secondarily, on earning a reasonable rate of return; (3) key investment personnel have a substantial portion of their net worth in the investment vehicle, (4) the investment vehicle reflects their best investment ideas and is, therefore, often concentrated; and (5) they have a successful long term track record which reflects all of the aforementioned criteria.

We also offer advice on the following types of investments: exchange-listed securities, securities traded over-the-counter, foreign issuers, corporate debt securities (other than commercial paper), certificates of deposit, municipal securities, and United States government securities.

We may use various financial publications, third party research materials, third party financial modeling software, annual reports, registration statements and other related filings with the Securities and Exchange Commission as our main sources of information in recommending investment vehicles for our clients.

### **Material Risks**

As with any investment, loss of principal is a risk of investing. Nothing in this brochure is intended to imply, and no one is, or will be, authorized to represent that the investment strategies described herein are low risk or risk-free. The various risks outlined below are not the only risks associated with our investments. Investing in securities involves the risk of loss of money and you should be prepared

to bear that loss.

### General Risks

*Market Risk* — The market values of securities owned by an account may decline, at times sharply and unpredictably. Market values of securities are affected by several distinct factors, including geopolitical or other events, such as war, terrorism, and pandemics, which may cause instability in worldwide markets. Market disruptions have caused, and may continue to cause, broad changes in market value, negative public perceptions concerning those developments, and adverse sentiment or publicity. For equity securities, market risk may be more significant in smaller capitalization companies. Market values of fixed income securities may be affected by inflation, changes in interest rates, the credit quality of issuers, and general economic and market conditions. Lower-quality fixed income securities may suffer larger price declines.

*Asset Allocation Risk* — The performance of a client's account is dependent upon our ability to allocate the client's assets to meet their specific financial objectives. Each client has an allocation designed specifically for their unique financial situation. As a result, particularly over shorter time frames, a client's portfolio may underperform a market benchmark or other client accounts that we manage.

*Independent Manager Selection Risk* — The performance of a client's account is also dependent upon our ability to identify Independent Managers whose investment performance will enable the client to meet their financial planning objectives. Independent Managers selected by us may or may not meet the client's objectives and may underperform appropriate benchmarks.

*Cybersecurity Risk* — HPG and its Independent Managers, including their respective service providers, may be negatively impacted due to operational risks arising from, among other things, human or processing errors, systems and technology disruptions or failures, or cybersecurity incidents. Cybersecurity incidents may allow unauthorized parties to gain access to or misappropriate HPG's or an Independent Manager's assets or confidential or proprietary information or cause a service provider to suffer data corruption or lose operational functionality.

*Real Estate Securities and Sector Risk* — Certain of the accounts may invest in partnerships investing in real estate. The partnerships will be affected by changes in the values of and incomes from the properties they own and/or the credit quality of the mortgage loans they hold.

### Equity Risks

*Common Stock Risk* — Stocks may decline significantly in price over short or extended periods of time. Price changes may occur in the market as a whole, or they may occur in only a particular country, company, industry, or sector of the market. In addition, the types of stocks in which a particular investment vehicle invests, such as value stocks, growth stocks, large-capitalization stocks, mid-capitalization stocks, small-capitalization stock and/or micro-capitalization stocks, may underperform the market as a whole. Additionally, dividends paid on common stocks can vary significantly over the short-term and long-term. Dividends on common stocks are not fixed, but are declared at the discretion of an issuer's board of directors. There is no guarantee that the issuers of common stocks in which an account invests will declare dividends in the future or that if declared they will remain at current levels or increase over time.

*Mid-Cap/Small-Cap Stock Risk* — Small-cap companies may lack the management expertise, financial resources, product diversification, and competitive strengths of larger companies. In addition, the frequency and volume of their trading may be less than is typical of larger companies, making them subject to wider price fluctuations. In some cases, there could be difficulties in selling the stocks of small-cap companies at the desired time and price. Mid-cap companies may have limited product lines, markets or financial resources, and they may be dependent on a limited management group. Stocks of small- cap and mid-cap companies may be subject to more abrupt or erratic market movements than those of large, more established companies or the market averages in general.

### Fixed Income Risks

*Credit Risk* — Credit risk is the risk that an issuer of a debt security will be unable to make interest and principal payments when due and the related risk that the value of a security may decline because of concerns about the issuer's ability to make such payments. Credit risk may be heightened for accounts that may invest in "high yield" securities.

*Income Risk* — The income earned from an account may decline because of falling market interest rates. Also, if an account invests in inverse floating rate securities, whose income payments vary inversely with changes in short-term market rates, the account's income may decrease if short-term interest rates rise.

*Interest Rate Risk* — Interest rate risk is the risk that the value of an account will decline because of rising interest rates. Interest rate risk is generally lower for shorter-term investments and higher for longer-term investments. Duration is a common measure of interest rate risk. Duration measures a bond's expected life on a present value basis, taking into account the bond's yield, interest payments and final maturity. The longer the duration of a bond, the greater the bond's price sensitivity to changes in interest rates.

During periods of declining interest rates, the issuer of certain types of securities may exercise its option to prepay principal earlier than scheduled, forcing an account to reinvest in lower yielding securities. This is known as call or prepayment risk. Debt securities frequently have call features that allow the issuer to repurchase the security prior to its stated maturity. An issuer may redeem an obligation if the issuer can refinance the debt at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer.

During periods of rising interest rates, the average life of certain types of securities may be extended because of lower than expected principal payments. This may lock in a below market interest rate, increase the security's duration and reduce the value of the security. This is known as extension risk. Market interest rates for investment grade fixed-income securities are currently significantly below the historical average rates for such securities. This decline may have increased the risk that these rates will rise in the future; however, historical interest rate levels are not necessarily predictive of future interest rate levels.

*Municipal Securities Tax Risk* — Income from municipal bonds that may be held by an account could be declared taxable because of unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service or state tax authorities, or noncompliant conduct of a bond issuer. In

addition, a portion of an account's otherwise exempt dividends may be taxable to those shareholders subject to the federal alternative minimum tax.

### International Risks

*International Investing Risk* — Investing in securities or issuers in markets other than the United States involves risks not typically associated with U.S. investing, such as currency risk, risks of trading in foreign securities markets, and political and economic risks.

*Currency Risk* — Because the foreign securities in which the accounts invest, with the exception of depositary receipts, generally trade in currencies other than the U.S. dollar, changes in currency exchange rates will affect the account's net asset value, the value of dividends and interest earned, and gains and losses realized on the sale of securities. A strong U.S. dollar relative to these other currencies will adversely affect the value of an account.

*Foreign Securities Market Risk* — Securities of many non-U.S. companies may be less liquid and their prices more volatile than securities of comparable U.S. companies. Securities of companies traded in many countries outside the U.S., particularly emerging markets countries, may be subject to further risks due to the inexperience of local investment professionals and financial institutions, the possibility of permanent or temporary termination of trading, and greater spreads between bid and asked prices for securities. In addition, non-U.S. stock exchanges and investment professionals are subject to less governmental regulation, and commissions may be higher than in the United States. Also, there may be delays in the settlement of non-U.S. stock exchange transactions.

*Political and Economic Risks* — International investing is subject to the risk of political, social, or economic instability in the country of the issuer of a security, the difficulty of predicting international trade patterns, the possibility of the imposition of exchange controls, expropriation, limits on removal of currency or other assets, and nationalization of assets.

Additionally, an account's income from foreign issuers may be subject to non-U.S. withholding taxes. Non-U.S. companies generally are not subject to uniform accounting, auditing, and financial reporting standards or to other regulatory requirements that apply to U.S. companies; therefore, less information may be available to investors concerning non-

U.S. issuers. In addition, some countries restrict to varying degrees foreign investment in their securities markets. These restrictions may limit or preclude investment in certain countries or may increase the cost of investing. To the extent an account invests in depositary receipts, the account will be subject to the same risks as when investing directly in foreign securities.

### Private Partnership Risks

The Independent Managers we recommend to clients may offer both mutual funds, separate accounts and private partnerships. Investments in private partnerships are generally subject to a larger degree of risk than mutual funds. Private partnerships may borrow money or trade on margin, at times borrowing far more than the partnership's capital. Private funds also may sell securities short (sell securities they do not own) which may magnify losses if the Independent Managers has incorrectly predicted that the value of the short sold stock will decline. In addition, private partnerships may invest in securities with higher levels of risk, such as high yield bonds, distressed securities, and early-stage private companies. There may also be a lack of transparency about a private partnership's operations. Private funds

typically charge an asset-based fee and a performance fee, which presents a potential conflict of interest for the Independent Manager, who may take on more risk in the hopes of earning a higher performance fee. There is no secondary market for a client's interest in a private partnership, and typically there are restrictions on transferring interests in a private fund. Clients who contemplate an investment in private partnerships should consult their tax advisor, and carefully read the private partnership's offering documents.

### Venture Capital Risks

From time-to-time HPG is presented with investment opportunities in a single company or multiple companies which are at the seed financing or start-up stage of development - venture capital investments. Venture capital companies have a higher level of risk than those of the private partnerships described above as such companies have no operating history and may be involved in experimental technology or manufacturing with no guarantee of market success or profits. In addition, investment advisers sponsoring venture capital funds may have little or no performance history. Clients should understand that they may lose all their investment. Clients investing in venture capital funds should carefully read the offering materials and other information provided by the sponsoring investment adviser.

### **ITEM 9 - DISCIPLINARY INFORMATION**

Not applicable.

### **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Three of our investment professionals are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance products. While HPG does not sell such insurance products to its investment advisory clients, we do permit such investment personnel, in their individual capacities as licensed insurance agents, to sell insurance products to its HPG clients, which creates a conflict of interest. HPG manages this conflict through disclosure to clients in this brochure.

Our principal has established a business relationship with one of the Independent Managers that we recommend to clients. Such relationship creates a conflict of interest. HPG manages this conflict through disclosure to clients in this brochure as well as ongoing discussions with our clients who invest with this Independent Manager.

We may also recommend that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain charged by the designated Independent Manager(s), together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, our investment advisory fee in *Item 5 - Fees*. As discussed above, the client may incur additional fees other than those charged by us, the designated Independent Manager(s), and corresponding broker-dealer and custodian.

In addition to this brochure, our clients receive the written disclosure statement of the designated Independent Manager(s). Certain Independent Manager(s) may impose more restrictive account

requirements and have billing practices that vary from HPG. In such instances, HPG may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Manager(s).

## **ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **Code of Ethics**

We have adopted a code of ethics in accordance with rules adopted by the Securities and Exchange Commission under the Investment Advisers Act of 1940. Our code of ethics reflects the principle that our employees owe a fiduciary duty of care, loyalty and good faith to our clients. Our code of ethics also provides that our employees must comply with applicable federal securities laws and may not engage in any act, practice or course of conduct that operates as a fraud or deceit upon our clients. In general, our code of ethics contains policies and procedures that require our employees to:

- identify their brokerage or securities accounts to us;
- report their securities transactions and holdings to us on a periodic basis or as more frequently required by the code of ethics;
- adhere to “black out” trade periods whereby no employee may trade securities on the same day HPG client trades are executed, with the exception of trades made in periodic investment plans;
- certify their compliance with our code of ethics on a periodic basis;
- provide us with copies of their trade confirmations and account statements or otherwise make such information available to us through third-party reporting systems; and
- report any actual or suspected violations of the code of ethics to us.

Our code of ethics is available to existing and prospective clients upon request. To receive a copy of our code of ethics, please contact Alexandra C. LaFrankie, our Chief Compliance Officer at the address, phone number or e-mail stated on the front cover of this brochure.

**Personal Trading.** Our principal and employees may purchase or sell for our own portfolios the same securities that we purchase or sell for our client’s discretionary accounts. We may also recommend that our clients purchase or sell the same securities that we purchase or sell for our own portfolios for a client’s non-discretionary accounts. In all such cases, HPG’s principal and employees will incur the same purchase and sale prices, transaction costs and terms and conditions, with the exception of stated investment amount minimums, as those of our clients. In seeking to serve the best interests of our clients, HPG has constructed this policy in order to both align our interests with those of our clients and to eliminate any potential conflicts of interest.

## **ITEM 12 - BROKERAGE PRACTICES**

**Brokerage Discretion and Best Execution.** In most cases, our investment management agreement with you grants us the authority to select the brokers through which your trades are executed and to determine the commission rates to be paid to these brokers. We may consider several factors when

selecting such brokers to execute your trades and will review these factors on annual basis. Such factors include:

- Quality of overall execution services provided by the broker-dealer;
- Commission and transaction fees charged by the broker-dealer;
- Promptness of execution;
- Creditworthiness and business reputation of the broker-dealer;
- Promptness and accuracy of reports of execution and confirmations;
- Ability and willingness to correct errors;
- Ability to access various market centers;
- Receipts of any software or hardware;
- Any expertise the broker-dealer may have in executing trades for the particular type of security;
- Reliability of the broker-dealer; and
- Ability of the broker-dealer to use electronic trading networks to gain liquidity, price improvement, and lower commission rates and anonymity.

We generally recommend that our clients use the brokerage and custodial services of Fidelity Investments and its affiliates (collectively referred to as “Fidelity”) and/or Brown Brothers Harriman & Co. (“BBH”) for investment management accounts. We will only implement our investment management recommendations after the client has arranged for and furnished us with all information and authorization regarding accounts with appropriate financial institutions.

The commission rates paid to brokers for client transactions over which we have discretionary authority are typically reviewed on an annual basis. We consider a number of factors when reviewing these commission rates, including, among other factors, information regarding the commission rates generally prevailing in the industry and at other comparable firms, third-party commission rate studies and reports, and portfolio turnover rates for our investment strategies. Commission rates vary for discretionary client transactions executed through full service executing brokers versus those transactions executed through electronic communications networks or other alternative trading venues. In addition, commission rates for client transactions over which we have discretionary authority may be greater than the commission rates paid by clients with client-directed brokerage arrangements.

Fidelity enables us to purchase and sell mutual funds for our clients for a reduced transaction fee. Both Fidelity and BBH enable us to obtain other securities at nominal transaction charges. The commissions and/or transaction fees charged by Fidelity and BBH may be higher or lower than those charged by other broker-dealers.

We also receive the following benefits from Fidelity and BBH.: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Registered Investment Advisor Group participants; 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.

We may receive from Fidelity and BBH without cost to us, computer software and related systems support, which allow us to better monitor client accounts maintained at Fidelity and BBH. HPG may receive the software and related support without cost because HPG renders investment management services to clients that maintain assets at Fidelity and Brown Brothers Harriman and Co. The software and related systems support may benefit HPG, but not its clients directly. Clients should be aware that our receipt of economic benefits from Fidelity and BBH creates a conflict of interest since we have an incentive to select or recommend one of these firms based on its interest in receiving the computer software and related systems support.

We do not consider, in selecting or recommending broker-dealers, whether it receives client referrals from a broker-dealer or third party.

**Directed Brokerage.** Clients may direct us, in writing, to use a particular broker-dealer to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for their account with that broker-dealer. In this instance, we will not seek better execution services or prices from other broker-dealers or be able to “batch” client transactions for execution through other broker-dealers with orders for other accounts managed by us. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, we may decline a client's request to direct brokerage if, in our sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

**Aggregation of Trades.** Transactions for each of our clients will generally be executed independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among our clients’ differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among our clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that we determine to aggregate client orders for the purchase or sale of securities we will generally do so in accordance with applicable Securities and Exchange Commission guidance. We do not receive any additional compensation or remuneration as a result of the aggregation.

In the event that we determine that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other accounts, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution

would result in a *de minimis* allocation in one or more accounts, we may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

We are typically unable to allocate secondary interests in private partnerships on a prorated basis. In such circumstances we will base allocation decisions on other relevant factors which may include: (i) does the client meet the Securities and Exchange Commission's suitability standards to invest in the partnership (ii) is the partnership an appropriate investment given the client's investment guidelines (iii) does the client have the requisite liquidity to invest in the partnership given the time requirements for making the investment (iv) is the client already an investor with the sponsoring firm (v) is the client already invested in the partnership and thereby familiar with the partnership (vi) does the client have sufficient liquidity in other assets to make an illiquid investment (vii) is the client already invested in and thereby familiar with illiquid partnerships.

### **ITEM 13 - REVIEW OF CLIENT ACCOUNTS**

**Investment Management Portfolios.** We monitor each client's investment management portfolio on an ongoing basis, no less than quarterly. In addition, we will typically meet with each client either in person, by video chat, or by phone annually to review the nature and scope of the investment management services we provide. All clients are strongly encouraged to also discuss their current needs, goals, and investment objectives with us during our annual review. In the interim, we ask that clients keep us informed of any changes to their existing circumstances. We provide a quarterly written report that includes an inventory of account holdings and account performance.

**Financial Planning and Consulting Services.** We periodically monitor and will conduct a review of financial planning and consulting recommendations with clients on an "as needed" basis. We will also provide a written report summarizing the analysis utilized for our financial planning and consulting recommendations upon client request or as otherwise agreed to in writing at the onset of such services.

### **ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

HPG does not compensate others for client referrals and does not accept economic benefits from non-clients in connection with giving advice to clients (other than as stated in Item 12).

### **ITEM 15 - CUSTODY**

Clients should carefully review the account statements they receive from their broker- dealer or custodian and compare them with the statements or reports received from us.

### **ITEM 16 - INVESTMENT DISCRETION**

We provide both discretionary and non-discretionary investment management services to our clients. Further, clients may authorize us to have discretion over certain assets in a specific account, but not others in that same account. When we do not have discretion over assets in a client's account, we

must seek the client's prior consent before trading in the account.

For discretionary services, our investment management agreement with you typically authorizes us to make investment decisions for your portfolio without your consent, such as determining the securities to be bought or sold for your portfolio, the broker to be used for such purchases or sales, and the commission rates to be paid to brokers for such purchases or sales. You may limit our discretionary authority by providing written instructions to us. For example, you may restrict our ability to purchase securities of selected companies on your behalf or you may provide us with socially responsible investment restrictions for your portfolio. However, we will not be able to accommodate investment restrictions that are unduly burdensome or materially incompatible with our investment approach.

Our authority to remove and replace an Independent Manager for a client is dependent upon the broker-dealer or bank the client has selected to hold his or her account.

#### **ITEM 17 - VOTING CLIENT SECURITIES**

We do not vote proxies on behalf of clients.

#### **ITEM 18 - FINANCIAL INFORMATION**

Not applicable.