

H. L. Ormond & Company, LLC

Form ADV Part 2A – Disclosure Brochure

Effective: March 2023

This Form ADV Part 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of H. L. Ormond & Company, LLC (“HLO” or the “Advisor”). If you have any questions about the content of this Disclosure Brochure, please contact the Advisor at (252) 756-4010.

HLO is a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”). The information in this Disclosure Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about HLO to assist you in determining whether to retain the Advisor.

Additional information about HLO and its Advisory Persons is available on the SEC’s website at www.adviserinfo.sec.gov by searching with the Advisor’s firm name or CRD# 313593.

Item 2 – Material Changes

Form ADV 2 is divided into two parts: *Part 2A (the "Disclosure Brochure")* and *Part 2B (the "Brochure Supplement")*. The Disclosure Brochure provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. The Brochure Supplement provides information about the Advisory Persons of HLO. For convenience, the Advisor has combined these documents into a single disclosure document.

HLO believes that communication and transparency are the foundation of its relationship with clients and will continually strive to provide you with complete and accurate information at all times. HLO encourages all current and prospective clients to read this Disclosure Brochure and discuss any questions you may have with the Advisor.

Material Changes Since the Last Update

With this update there were several material changes made to this Disclosure Brochure.

Item 4 Advisory Services – In this section several changes were made to better explain the services we offer. We separated our services into 3 platforms; HLO Direct, AMS Managed Programs and the Outside Manager Program. The AMS Managed and Outside Manager Programs are offered as wrap fee programs. A wrap fee program is an investment program where the Client pays one stated fee that includes management fees, transaction costs, fund expenses and other administrative fees. Please refer to Item 4 for additional details regarding each program.

Item 5 Fees and Compensation – Similar to Item 4, we expanded upon each platform to outline the fees associated with each service model. Please refer to Item 5 for additional details regarding the fees associated with each program.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss – This section was updated to reiterate HLO's long term investment strategy. HLO's investment strategies are typically long-term, diversified portfolios. HLO portfolios generally have a larger allocation dedicated to equities versus fixed income which may create additional risk and volatility in the account. Please refer to Item 8 for additional details regarding our investment strategy and risks.

Item 12 Brokerage Practices – HLO participates in the institutional advisor platform offered through Raymond James & Associates (RJA). Additional language was added to describe this relationship, including factors we consider in recommending RJA and additional support services HLO receives from this relationship. Language was also added to outline our process regarding mutual fund share class selection and how we select and monitor this process. Please refer to Item 12 for additional details.

Item 14 Client Referrals and Other Compensation – Language was added reiterating our relationship with RJA and services they provide HLO. HLO contracted with RJA and pays a monthly connectivity fee to receive custody, brokerage, software and related support. RJA may provide additional resources and support in connection with this relationship. The receipt of these services creates an incentive for the firm to recommend RJA programs or products. Please refer to Item 14 for additional details.

Future Changes

From time to time, the Advisor may amend this Disclosure Brochure to reflect changes in business practices, changes in regulations or routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to you annually and if a material change occurs.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov by searching with the Advisor's firm name or CRD# 313593. You may also request a copy of this Disclosure Brochure at any time by contacting the Advisor at (252) 756-4010.

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Item 4 – Advisory Services

A. Firm Information

H. L. Ormond & Company, LLC (“HLO” or the “Advisor”) is a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”). The Advisor is organized as a limited liability company (“LLC”) under the laws of the State of North Carolina. HLO was founded in July 2010 and became a registered investment advisor in April 2021. HLO is owned and operated by Herbert L. Ormond, III (President & Chief Investment Officer).

This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by HLO. For information regarding this Disclosure Brochure, please contact Sharon R. Dew (Chief Compliance Officer) at (252) 756-4010.

B. Advisory Services Offered

HLO offers investment advisory services to individuals, high net worth individuals, trusts, estates, charitable organizations, retirement plans, and businesses (each referred to as a “Client”). Prior to engaging HLO to provide investment advisory services, each Client is required to enter into an advisory agreement with the Advisor that defines the terms, conditions, authority and responsibilities of the Advisor and the Client.

HLO provides customized investment advisory solutions for its Clients. This is achieved through ongoing personal Client contact and interaction while providing discretionary and non-discretionary investment management services. HLO works closely with each Client to identify their investment goals and objectives as well as risk tolerance and financial situation in order to develop a portfolio strategy. HLO’s investment strategies are typically long-term, diversified portfolios, with a bias towards equity investments which creates added risk / volatility in the short term.

The investment philosophy employed by HLO is based on “Herb’s Three Rules of Equity Investing”:

1. Own quality.
2. Be diversified.
3. Invest in patience.

HLO will construct the Client’s investment portfolio utilizing diversified mutual funds, exchange-traded funds (“ETFs”), individual stocks and/or individual bonds to achieve the Client’s investment goals. The Advisor may also utilize managed account strategies provided by other institutional money managers. In some instances, HLO may also utilize real estate investment trusts (“REITs”) and/or other types of investments, as appropriate, to meet the needs of the Client. The Advisor may retain certain types of investments based on a Client’s legacy investments based on portfolio fit and/or tax considerations.

HLO’s investment strategies are primarily long-term focused, but the Advisor may buy, sell or re-allocate positions that have been held for less than one year to meet the objectives of the Client or due to market conditions. HLO evaluates and selects investments for inclusion in Client portfolios only after applying its internal due diligence process. HLO may on occasion, redistribute investment allocations to diversify the portfolio. HLO may utilize specific positions to increase sector or asset class weightings. HLO may employ cash positions as a possible hedge against market movement. HLO may sell positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of the Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client’s risk tolerance.

Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to acceptance by the Advisor. HLO will construct, implement and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. When constructing portfolios HLO will utilize one or multiple services from the models outlined below.

HLO has broken its service models into three platforms: HLO Direct Platform, the AMS Managed Program or the Outside Manager Platform (OSM). Please refer to Item 5: Fees and Compensation for additional details.

HLO Direct Platform

If you participate in the Direct Platform, HLO will make all investment decisions and implement those instructions with your custodian. Your account will be invested primarily in mutual funds, exchange traded funds and individual bond holding. HLO generally does not purchase individual equity securities in this platform unless directed to do so by you. Initial research is conducted inhouse and HLO performs ongoing monitoring of each investment. HLO will monitor the account to ensure it continues to be consistent with your investment objectives.

AMS Managed Programs

HLO may use several wrap fee programs available through Raymond James & Associates ("RJA"). Specifically, HLO engages the Asset Management Division ("AMS") division of RJA to provide discretionary investment management services as a sub-advisor.

For certain AMS Managed Programs, RJA also retains an unaffiliated investment manager ("Manager") as a sub-advisor to RJA. This Manager provides discretionary investment management of the Client's portfolio through RJA, making the investment decisions and placing the trades in the Client's account. HLO then monitors the Client's account to ensure that the Program selected and the Manager RJA has provided on this platform continue to be consistent with the Client's investment objective. ***The AMS Managed Programs available to our Clients through RJA are described below.***

Assets in these accounts will be invested and reinvested as RJA or the Manager deem in the Client's best interest to achieve investment objectives identified by HLO, without regard to holding period, portfolio turnover or resulting gain or loss. If a participating Client informs HLO of a change in the Client's financial situation or investment objectives, HLO assesses the continued appropriateness of the previously selected investment discipline(s) and makes changes as HLO deems appropriate. Similarly, if RJA changes its opinion of a Manager or investment discipline, RJA will ask HLO to select a new Manager or investment discipline for a participating Client.

AMS Freedom Program

The AMS Freedom Program allocates Client assets through mutual fund or exchange traded fund ("ETF") management, based upon the Client's investment objectives and risk tolerances. A participating Client appoints HLO as their investment advisor to select the appropriate investment strategy and to monitor performance on a continuing basis.

RJA serves as sub-advisor to HLO for Freedom accounts and has discretionary authority over these accounts. As sub-advisor, RJA provides asset allocation investment strategies and respective target allocations, selects and monitors investments in the strategies, and rebalances Freedom accounts annually based on variance from the target allocation. In addition, RJA or its affiliates perform administrative and brokerage services for Freedom accounts.

AMS Raymond James Consulting Services Program

For Clients participating in the Raymond James Consulting Services Program, HLO selects the appropriate investment discipline(s) to be followed for the Client's account. As sub-advisor to HLO, RJA then recommends and monitors one or more third-party Managers with which RJA has entered into a separate sub-advisory agreement. Some Managers provide RJA model portfolios representing securities recommended by the Manager for designated investment disciplines and thereafter communicate periodic updates to RJA as changes occur to such model portfolios.

If HLO selects a model portfolio investment discipline for a Client, RJA has discretionary authority to effect purchases and sales of model portfolio securities for the Client's account. For all other investment disciplines in this program not classified as model portfolios, the Manager will exercise discretionary investment authority over the Client's account based on the selected investment discipline(s) and the Client's profile.

Outside Manager Program (OSM) (Dual Contract)

In the OSM Platform, investment advisory services are provided to you by two different investment advisers through two advisory contracts (what is referred to as a "Dual Contract"):

(1) HLO will provide investment advisory services in recommending the third-party Manager based on your specific goals and objectives. HLO will review the Manager on an ongoing basis to determine the suitability of your

participation in the OSM Platform and the investment discipline of the Manager selected. If applicable, HLO will make recommendations and assist in any changes should they be made to your OSM Platform selection(s).

(2) You will sign a separate investment management agreement with the selected Manager. You appoint the Manager to manage the assets of your account on a discretionary basis, which means you delegate the authority to your Manager to decide what securities to buy or sell for your account in accordance with the investment discipline you select. HLO has discretionary ability to hire and fire the designated Manager, if applicable.

C. IRA Rollover Recommendations

For purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

D. Wrap Fee Programs

The AMS Managed Program and OSM described above (together "Wrap Fee Programs") are offered through a Wrap Fee Program sponsored by Asset Management Services (AMS), an operating division of RJA. A wrap fee program is an investment program where the Client pays one stated fee that includes management fees, transaction costs, fund expenses and other administrative fees. HLO will provide the Client with the sponsor's Wrap Fee Program Brochure to provide the Client with additional information on the specific wrap fee program or programs. Clients should refer to the sponsor's Wrap Fee Programs Brochure and HLO for any additional information or questions the Client may have with respect to the specific Wrap Fee program or programs. HLO will review the ongoing performance of the Wrap Fee Programs to determine whether the use of the program continues to be in the best interest of its Clients. When the account is invested in a wrap fee program, the fees and costs associated with obtaining these services and investments outside of the wrap program may be less than those acquired through the Wrap Program.

E. Assets Under Management

As of December 31, 2022, HLO manages \$274,471,000 in Client assets, \$262,712,000 of which are managed on a discretionary basis and \$11,759,000 of which are managed on a non-discretionary basis. Clients may request more current information at any time by contacting the Advisor.

Item 5 – Fees and Compensation

The following section details the fee structure and compensation methodology for services provided by the Advisor. Each Client engaging the Advisor for services described herein shall be required to enter into one or more written agreements.

A. Fees for Advisory Services

HLO Direct Platform

Investment advisory fees are paid monthly, in advance of each month, pursuant to the terms of the investment advisory agreement. Investment advisory fees are based on the market value of the assets under management, as valued by the custodian to the total billable assets under management with HLO at the end of the prior month. Investment advisory fees range from 0.75% to 1.75% annually.

Advisory fees will be directly debited from your account. You will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the investment advisory fee. Clients are urged to also review statements provided from the Custodian, as the Custodian does not perform a verification of fees. Clients provide written authorization permitting advisory fees to be deducted and paid directly from their account[s] held by the Custodian as part of the investment advisory agreement and account forms provided by the Custodian.

The investment advisory fee in the first month of service is prorated from the inception date of the account[s] to the end of the first month. The advisory relationship can be terminated at any time by either party. If the advisory relationship is terminated before the last day of the month, fees will be prorated and refunded accordingly.

AMS Managed Program

When you participate in one of the AMS Managed Programs, you are assessed an all-inclusive wrap fee for advisory and brokerage services. Under a wrap fee arrangement, you pay an annual asset-based fee, which is calculated as a percentage of assets under management in the account. The fee includes compensation paid to HLO, the non-affiliated Manager, and to RJA for trade execution, custodial services, trade clearance, investment advisory and administrative services. While the allocation of the fee between any of these persons may change at any time without your consent, the total fee percentage charged to your account will not increase without your consent.

Investment advisory fees are paid quarterly, in advance of each quarter. The total Investment advisory fee for the AMS Managed wrap fee program, ranges from 1.25% - 2.25% annually and is based on the market value of assets under management in your account, as valued by the custodian.

Outside Manager Program (OSM) Dual Contract

The OSM program is also offered within a wrap fee program. You are assessed an all-inclusive wrap fee for advisory and brokerage services. Please note, with this program the non-affiliated Manager fee is charged separately. Under a wrap fee arrangement, you pay an annual asset-based fee, which is calculated as a percentage of assets under management in the account. The fee includes compensation paid to HLO and to RJA for trade execution, custodial services, trade clearance, investment advisory and administrative services. While the allocation of the fee between any of these persons, may change at any time without your consent, the total fee percentage charged to your account will not increase without your consent. Due to the nature of this agreement, as described above, you will see two advisory fee deductions from your account.

The OSM program requires you to sign a contract directly with the separate Manager. The Manager will deduct their advisory fee from your account directly with the custodian. The manager advisory fee ranges from 0.30% - 0.50%. Please refer to your investment advisory agreement executed with the separate Manager for complete details regarding the advisory fee.

Investment advisory fees are paid quarterly, in advance of each quarter. The investment advisory fee for the OSM wrap fee program ranges from 0.75% - 1.75% annually. This does not include the separate Manager fee described above. Fees are calculated based on the market value of assets under management in your account, as valued by the custodian.

In the event that a Client should wish to terminate their relationship with the independent Manager, the terms for termination will be set forth in the respective agreements between the Client and that independent Manager. HLO will assist the Client with the termination and transition as appropriate.

For all services, fees may be negotiable at the sole discretion of the Advisor, based on several factors, including: the scope and complexity of the services to be provided; the level of assets to be managed; and the overall relationship with the Advisor. Relationships with multiple objectives, specific reporting requirements, portfolio restrictions and other complexities may be charged a higher fee. The Client's fees will take into consideration the aggregate assets under management with the Advisor.

B. Other Fees and Expenses

Clients may incur certain transaction fees or charges imposed by third parties in connection with investments made on behalf of the Client's account[s]. HLO typically includes securities transactions costs as part of its overall investment advisory fee. Securities transaction fees for Client-directed trades may be charged back to the Client.

In addition, all fees paid to HLO for investment advisory services are separate and distinct from the expenses charged by mutual funds and ETFs to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, and account administration (e.g., custody, brokerage and account reporting). A Client may be able to invest in these products directly, without the services of HLO, but would not receive the services provided by HLO which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by HLO to fully understand the total fees to be paid. Please refer to Item 12 – Brokerage Practices for additional information.

C. Advance Payment of Fees and Termination

HLO may be compensated for its investment management services in advance of the month / quarter in which services are rendered. Either party may terminate the investment advisory agreement, at any time, by providing advance written notice to the other party. The Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Upon termination, the Advisor will refund any unearned, prepaid investment advisory fees from the effective date of termination to the end of the month.

D. Compensation for Sales of Securities

HLO does not buy or sell securities to earn commissions and does not receive any compensation for securities transactions in any Client account, other than the investment advisory fees noted above.

Certain Advisory Persons are also licensed as independent insurance professionals. As an independent insurance professional, an Advisory Person may earn commission-based compensation for selling insurance products, including insurance products they sell to Clients. Insurance commissions earned by Advisory Persons are separate and in addition to our advisory fees. This practice presents a conflict of interest as the Advisory Person has an incentive to recommend insurance products to the Client. Clients are under no obligation, contractually or otherwise, to purchase insurance products through any Advisory Person affiliated with the Advisor. Please see item 10 below.

Item 6 – Performance-Based Fees and Side-By-Side Management

HLO does not charge performance-based fees for its investment advisory services. The fees charged by HLO are not based upon the capital appreciation of the funds or securities held by any Client.

Item 7 – Types of Clients

HLO offers investment advisory services to individuals, high net worth individuals, trusts, estates, charitable organizations, retirement plans, and businesses. HLO generally requires a minimum relationship size of \$1,000,000, which may be reduced at the sole discretion of the Advisor. The minimum investment for AMS Managed Programs ranges from \$25K - \$2M, depending on the selected strategy. Below minimum accounts may be accepted based upon RJA review.

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

A. Methods of Analysis

HLO primarily employs fundamental and technical analysis methods in developing investment strategies for its Clients. Research and analysis from HLO are derived from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases and research prepared by others.

Fundamental analysis utilizes economic and business indicators as investment selection criteria. The criteria consist generally of ratios and trends that may indicate the overall strength and financial viability of the entity being analyzed. Assets are deemed suitable if they meet certain criteria to indicate that they are a strong investment with a value discounted by the market. While this type of analysis helps the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in the fundamental

analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to Client's portfolio construction is appropriate.

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends, which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that HLO will be able to accurately predict such a reoccurrence.

Based on this analysis, HLO has developed and monitors its recommended mutual fund strategies on a quarterly basis. This list was developed from internal research, RJA's mutual fund research and research conducted by AMS. When a strategy is downgraded by RJA or AMS, HLO will perform additional due diligence to determine the appropriate course of action, which may include replacing the downgraded fund.

As noted above, HLO generally employs a long-term investment strategy for its Clients, consistent with their financial goals. HLO believes making it through an entire market cycle allows Clients to benefit from the ups and down of the market. HLO will typically hold all or a portion of a security for more than a year, but may hold it for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, HLO may also buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals of the security, sector or asset class.

B. Risk of Loss

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. HLO's investment strategies are typically long-term, diversified portfolios. HLO portfolios generally have a larger allocation dedicated to equities versus fixed income which may create additional risk and volatility in the short term. Clients should be prepared to bear the potential risk of loss. HLO will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

While the methods of analysis help the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in these methods of analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account[s]. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process. Following are some of the risks associated with the Advisor's investment strategies:

Market Risks

The value of a Client's holdings may fluctuate in response to events specific to companies or markets, as well as economic, political, or social events in the U.S. and abroad. This risk is linked to the performance of the overall financial markets. HLO primarily utilizes equity securities in constructing investment portfolios. Client accounts may have a higher concentration invested in equity securities, through mutual funds and ETFs. This may result in a higher level of volatility as compared to portfolios with more fixed income exposure.

Risks of Investments

Equity (Stock) Risks. Common stocks are subject to general stock market fluctuations and to volatile increases and decreases in value as market confidence and perception of their issuers change. There is also a certain level

of company or industry specific risk that is inherent in each investment. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry.

ETF Risks. The performance of ETFs is subject to market risk, including the possible loss of principal. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if an ETF has a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF purchased or sold a short time later.

Mutual Fund Risks. The performance of mutual funds is subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily therefore a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.

Equity Market Risks. HLO will invest portions of client assets directly into equity investments, including those that invest in the stock market. As noted above, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

Fixed Income Risks. HLO may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in fixed income mutual funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through a fund, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor.

Item 9 – Disciplinary Information

There are no legal, regulatory or disciplinary events involving HLO or its management persons. HLO values the trust Clients place in the Advisor. The Advisor encourages Clients to perform the requisite due diligence on any advisor or service provider that the Client engages. The backgrounds of the Advisor or Advisory Persons are available on the Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov by searching H.L. Ormond & Co. or CRD# 313593.

Item 10 – Other Financial Industry Activities and Affiliations

Insurance Agency Affiliations

As noted in Item 5, certain Advisory Persons are also licensed insurance professionals. Implementations of insurance recommendations are separate and apart from one's role with HLO. As an insurance professional, an Advisory Person may receive customary commissions and other related revenues from the various insurance companies whose products are sold. Advisory Persons are not required to offer the products of any particular insurance company. Commissions generated by insurance sales do not offset regular advisory fees. This may cause a conflict of interest in recommending certain products of the insurance companies. Clients are under no obligation to implement any recommendations made by an Advisory Persons or the Advisor.

Use of Independent Managers

As noted in Item 4, the Advisor may utilize one or more Independent Managers in constructing a portfolio for the Client. The Advisor's fee may be included and billed together with the Independent Manager's fee. However, HLO will only earn its fee as detailed in Item 5.A. and does not have any financial incentive to select any particular manager.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A. Code of Ethics

HLO has implemented a Code of Ethics (the “Code”) that defines the Advisor’s fiduciary commitment to each Client. This Code applies to all persons associated with HLO (“Supervised Persons”). The Code was developed to provide general ethical guidelines and specific instructions regarding the Advisor’s duties to each Client. HLO and its Supervised Persons owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of HLO’s Supervised Persons to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code covers a range of topics that address employee ethics and conflicts of interest. To request a copy of the Code, please contact the Advisor at (252) 756-4010.

B. Personal Trading with Material Interest

HLO allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. HLO does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund, or advise an investment company. HLO does not have a material interest in any securities traded in Client accounts.

C. Personal Trading in Same Securities as Clients

HLO allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities that are recommended (purchase or sell) to Clients presents a conflict of interest that, as fiduciaries, must be disclosed to Clients and mitigated through policies and procedures. As noted above, the Advisor has adopted the Code to address insider trading (material non-public information controls); gifts and entertainment; outside business activities and personal securities reporting. When trading for personal accounts, Supervised Persons have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can be violated if personal trades are made with more advantageous terms than Client trades, or by trading based on material non-public information. This risk is mitigated by HLO requiring reporting of personal securities trades by its Supervised Persons for review by the Chief Compliance Officer (“CCO”). The Advisor has also adopted written policies and procedures to detect the misuse of material, non-public information.

D. Personal Trading at Same Time as Client

While HLO allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, such trades are typically aggregated with Client orders or traded afterwards. **At no time will HLO, or any Supervised Person of HLO, transact in any security to the detriment of any Client.**

Item 12 – Brokerage Practices

A. Recommendation of Custodian[s]

HLO does not have discretionary authority to select the broker-dealer/custodian for custody and execution services. The Client will engage the broker-dealer/custodian (herein the “Custodian”) to safeguard Client assets and authorize HLO to direct trades to the Custodian as agreed upon in the investment advisory agreement. Further, HLO does not have the discretionary authority to negotiate commissions on behalf of Clients on a trade-by-trade basis.

Where HLO does not exercise discretion over the selection of the Custodian, it may recommend the Custodian to Clients for custody and execution services. Clients are not obligated to use the Custodian recommended by the Advisor and will not incur any extra fee or cost associated with using a custodian not recommended by HLO. However, the Advisor may be limited in the services it can provide if the recommended Custodian is not engaged. HLO may recommend the Custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client, and its reputation and/or the location of the Custodian’s offices.

Participation in Wrap Fee Programs (RJA)

In the event that the Client requests that HLO recommend a broker-dealer/custodian for execution and/or custodial services, HLO recommends that investment management accounts be maintained at RJA. RJA is a FINRA-registered broker-dealer and New York Stock Exchange/SIPC member. Prior to engaging HLO to provide investment management services, the Client will be required to enter into a formal advisory agreement with HLO setting forth the

terms and conditions under which HLO shall manage the Client's assets, and a separate custodial / clearing agreement with each designated broker-dealer/custodian.

Factors that HLO considers in recommending RJA include historical relationship with HLO, financial strength, reputation, execution capabilities, pricing, research, and service. 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 broker-dealer's services, including the value of research provided, execution capability, and responsiveness. Accordingly, although HLO will seek competitive rates, it may not necessarily obtain the lowest possible rates for Client account transactions. HLO's best execution responsibility is qualified if securities that it purchases for Client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits

- a. Although not a material consideration when determining whether to recommend that a Client utilize the services of a particular broker-dealer/custodian, HLO receives from RJA support services and/or products, certain of which assist HLO to better monitor and service Client accounts maintained at such institutions. Included within the support services that may be obtained by HLO may be investment-related research, pricing information and market data, software and other technology that provide access to Client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by HLO in furtherance of its investment advisory business operations.
- b. HLO does not receive referrals from broker-dealers.
- c. HLO does not generally accept directed brokerage arrangements (when a Client requires that account transactions be effected through a specific broker-dealer). In such Client directed arrangements, the Client will negotiate terms and arrangements for their account with that broker-dealer, and HLO will not seek better execution services or prices from other broker-dealers or be able to "batch" the Client's transactions for execution through other broker-dealers with orders for other accounts managed by HLO. As a result, Client may pay higher transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the Client directs HLO to effect securities transactions for the Client's accounts through a specific broker-dealer, the Client correspondingly acknowledges that such direction may cause the accounts to incur higher transaction costs than the accounts would otherwise incur had the Client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs adversely impact account performance.

Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

2. **Brokerage Referrals** - HLO does not receive any compensation from any third party in connection with the recommendation for establishing an account.
3. **Directed Brokerage** - All Clients are serviced on a "directed brokerage basis", where HLO will place trades within the established account[s] at the Custodian designated by the Client. Further, all Client accounts are traded within their respective account[s]. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor's own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account[s]). HLO will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the Custodian.

B. Aggregating and Allocating Trades

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of the order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the Custodian. HLO will execute its transactions through the Custodian as authorized by the Client. HLO may aggregate orders in a block trade or trades when securities are purchased or sold through the Custodian for multiple (discretionary) accounts in the same trading day. If a block trade cannot be

executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage any particular Clients' accounts.

Mutual Fund Share Class Selection

Mutual funds generally offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to retail share classes (typically referred to as class A, class B and class C shares), funds may also offer institutional share classes or other share classes that are specifically designed for purchase by investors who meet certain specified eligibility criteria, including, for example, whether an account meets certain minimum dollar amount. Institutional share classes usually have a lower expense ratio than other share classes. When recommending investments in mutual funds, it is our policy to review and consider available share classes. HLO's policy is to select the most appropriate share classes based on various factors including but not limited to: minimum investment requirements, trading restrictions, internal expense structure, transaction charges, availability and other factors. When considering all the appropriate factors, we can select a share class other than the 'lowest cost' share class. In order to select the most appropriate share class, we consider retail, institutional or other share classes of the same mutual fund. Regardless of such considerations, Clients should not assume that they will be invested in the share class with the lowest possible expense ratio. Clients should ask their adviser whether a lower cost share class is available instead of those selected by the Advisor. HLO periodically reviews the mutual funds held in Client accounts to select the most appropriate share classes in light of its duty to obtain best execution.

Item 13 – Review of Accounts

A. Frequency of Reviews

Securities in Client accounts are monitored on a regular and continuous basis by Advisory Persons of HLO and periodically by the CCO. Formal reviews are generally conducted at least annually or more frequently depending on the needs of the Client.

B. Causes for Reviews

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account[s]. The Client is encouraged to notify HLO if changes occur in the Client's personal financial situation that might adversely affect the Client's investment plan. Additional reviews may be triggered by material market, economic or political events.

C. Review Reports

The Client will receive brokerage statements no less than quarterly from the Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the Custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account[s]. The Advisor may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

Item 14 – Client Referrals and Other Compensation

A. Compensation Received by HLO

HLO may refer Clients to various unaffiliated, non-advisory professionals (e.g. attorneys, accountants, estate planners) to provide certain financial services necessary to meet the goals of its Clients. Likewise, HLO may receive non-compensated referrals of new Clients from various third-parties.

Participation in Wrap Fee Programs

As referenced in Item 12 Brokerage Practices, HLO has established a relationship with RJA to assist the Advisor in managing Client account[s]. HLO contracted with RJA and pays a monthly connectivity fee to receive custody, brokerage, software and related support. RJA may provide additional resources and support in connection with this relationship. The receipt of these services creates an incentive for the firm to recommend RJA programs or products. HLO attempts to mitigate these conflicts of interest by evaluating and recommending that Clients use RJA's services based on the

benefits that such services provide to our Clients, rather than any assistance that the firm may receive. HLO considers RJA's expense, fee structure, and the overall services provided when recommending or requiring that Clients maintain accounts with RJA. However, Clients should be aware of this conflict and take it into consideration in making a decision whether to custody their assets in a brokerage account at RJA.

B. Client Referrals for Compensation

HLO does not compensate any person for client referrals.

Item 15 – Custody

HLO does not accept or maintain custody of any Client accounts, except for the authorized deduction of the Advisor's fees. All Clients must place their assets with a "qualified custodian". Clients are required to engage the Custodian to retain their funds and securities and direct HLO to utilize that Custodian for the Client's security transactions. Clients should review statements provided by the Custodian and compare to any reports provided by HLO to ensure accuracy, as the Custodian does not perform this review. For more information about custodians and brokerage practices, see Item 12 – Brokerage Practices.

Item 16 – Investment Discretion

HLO generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by HLO. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an investment advisory agreement containing all applicable limitations to such authority. All discretionary trades made by HLO will be in accordance with each Client's investment objectives and goals.

For accounts managed under a non-discretionary agreement, clients must be contacted prior to the execution of any trade in the account(s) under management. This can result in a delay in executing recommended trades, which could adversely affect the performance of the portfolio. In a non-discretionary arrangement, the client retains the responsibility for the final decision on all actions taken with respect to the portfolio.

Item 17 – Voting Client Securities

HLO does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. The Advisor will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

Item 18 – Financial Information

Neither HLO, nor its management, have any adverse financial situations that would reasonably impair the ability of HLO to meet all obligations to its Clients. Neither HLO, nor any of its Advisory Persons, have been subject to a bankruptcy or financial compromise. HLO is not required to deliver a balance sheet along with this Disclosure Brochure as the Advisor does not collect advance fees of \$1,200 or more for services to be performed six months or more in the future.