



Item 1

Cover Page

Hawke Financial Group

Part 2A of Form ADV: Firm Brochure SEC File Number: 301733

Dated: March 22, 2023

208-855-9400

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This Brochure provides information about the qualifications and business practices of Hawke Financial Group, LLC (“HFG”). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer Jason S. Hawke at 208-855-9400 or via email at info@hawkefinancial.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 Hawke Financial Group also is available on the SEC’s website at www.adviserinfo.sec.gov.

References herein to Hawke Financial Group as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

Item 2 Material Changes

This item discusses specific material changes to the Hawke Financial Group, LLC Disclosure Brochure. Throughout this Disclosure Brochure, Hawke Financial Group, LLC is referred to as “HFG.”

HFG will ensure that clients receive a summary of any material changes to this and subsequent disclosure brochures within 120 days of the close of the firm’s fiscal year which occurs at the end of the calendar year. HFG may further provide other ongoing disclosure information about material changes as necessary. HFG will also provide clients with a new Disclosure Brochure as necessary based on changes or new information, at any time, without charge.

There have been the following material changes since our last annual updated amendment filed March 22, 2022:

Item 4: Advisory Business: The firm added language for Pension Consulting Services.

Item 5: Fees and Compensation: The firm added fee language for Pension Consulting Services.

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Item 4 Hawke Financial Group Business

A. Hawke Financial Group, LLC (“HFG”) is a Limited Liability Company formed on February 20, 2002 in the state of Idaho and is owned equally by Jason S. Hawke, Chief Executive Officer.

HFG provides the following services:

Portfolio Management Services. HFG provides ongoing portfolio management services to individuals, families and businesses. When providing portfolio management services, the firm not only makes recommendations related to investments, but also implements these recommendations and provides ongoing monitoring and management of each account. Each portfolio is tailored to the individual needs of a particular client (whether an individual, a family or a business) through an assessment conducted prior to an engagement. Clients may impose restrictions related to the level of discretion granted, the types of investments used, etc. Clients that determine to engage HFG on a non-discretionary investment basis must be willing to accept that HFG cannot effect any account transactions without obtaining prior consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, HFG will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client’s consent. Terms of an actual engagement, including description of service, limitations and restrictions, fees, etc., are all detailed before any engagement begins in a written client agreement

Pension Consulting Services. HFG offers consulting services to pension or other employee benefit plans (including but not limited to 401(k) plans). Pension consulting may include, but is not limited to:

- identifying investment objectives and restrictions
- providing guidance on various assets classes and investment options
- recommending money managers to manage plan assets in ways designed to achieve
- objectives
- monitoring performance of money managers and investment options and making recommendations for changes
- recommending other service providers, such as custodians, administrators and broker- dealers
- creating a written pension consulting plan
- These services are based on the goals, objectives, demographics, time horizon, and/or risk tolerance of the plan and its participants.

Financial Planning and Consulting Services

HFG provides financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. HFG’s planning and consulting fees are negotiable, HFG charges up to \$300 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging HFG to provide planning or consulting services, clients are required to enter into a *Financial Planning and Consulting Agreement* with HFG setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to HFG commencing services. If requested by the client, HFG may recommend the services of other professionals for implementation purposes. The client is under

no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from HFG. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** It remains the client's responsibility to promptly notify HFG if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising HFG's previous recommendations and/or services.

Miscellaneous Limitations of Financial Planning and Non-Investment Consulting/Implementation Services. As indicated above, HFG may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. HFG **does not** serve as an attorney, accountant, or insurance agency, and no portion of its services should be construed as legal, accounting, or insurance brokerage services. Accordingly, HFG **does not** prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, HFG may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.). Clients are reminded that they are under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation made by HFG or its representatives or any affiliated entities. **Please Note:** If the client engages any recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

Independent Managers. HFG may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the Independent Manager(s) shall have day-to-day responsibility for the active discretionary management of the allocated assets. HFG shall continue to render investment services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which HFG shall consider in recommending Independent Manager(s) include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. **Please Note:** The investment management fee charged by the Independent Manager(s) is separate form, and in addition to, HFG's fee as set forth in the schedule at Item 5 below.

Please Note: Non-Discretionary Service Limitations. Clients that determine to engage HFG on a non-discretionary investment basis **must be willing to accept** that HFG cannot effect any account transactions without obtaining prior consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, HFG will be unable to effect any account transactions (as it would for its discretionary clients) **without first obtaining the client's consent.**

Investment Advice Relating to Retirement Accounts. When HFG provides investment advice regarding a retirement plan account or individual retirement account, HFG is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as

applicable. 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.

As such, HFG is subject to specific duties and obligations under ERISA and the IRC that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice in which it has a conflict of interest, the fiduciary must either avoid or eliminate the conflict or rely upon a prohibited transaction exemption (a “PTE”).

Under this special rule’s provisions, HFG 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.

Retirement Rollovers Conflict of Interest. To the extent HFG recommends you roll over your account from a current retirement plan account to an individual retirement account managed by HFG, please know that HFG and our investment adviser representatives have a conflict of interest.

We can earn increased investment advisory fees by recommending that you roll over your account at the retirement plan to an IRA managed by HFG. We will earn fewer investment advisory fees if you do not roll over the funds in the retirement plan to an IRA managed by HFG.

Thus, our investment adviser representatives have an economic incentive to recommend a rollover of funds from a retirement plan to an IRA which is a conflict of interest because our recommendation that you open an IRA account to be managed by our firm can be based on our economic incentive and not based exclusively on whether or not moving the IRA to our management program is in your overall best interest.

We have taken steps to manage this conflict of interest. We have adopted an impartial conduct standard whereby our investment adviser representatives will (i) provide investment advice to a retirement plan participant regarding a rollover of funds from the retirement plan in accordance with the fiduciary status described below, (ii) not recommend investments which result in HFG receiving unreasonable compensation related to the rollover of funds from the retirement plan to an IRA, and (iii) fully disclose compensation received by HFG and our supervised persons and any material conflicts of interest related to recommending the rollover of funds from the retirement plan to an IRA and refrain from making any materially misleading statements regarding such rollover.

When providing advice to you regarding a retirement plan account or IRA, our investment advisor representatives will act with the care, skill, prudence, and diligence under the circumstances then

prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, based on the investment objectives, risk, tolerance, financial circumstances, and a client's needs, without regard to the financial or other interests of HFG or our affiliated personnel. No client is under any obligation to rollover retirement plan assets to an account managed by HFG.

Use of Mutual and Exchange Traded Funds: Most mutual funds and exchange traded funds are available directly to the public. Thus, a prospective client can obtain many of the funds that may be utilized by HFG independent of engaging HFG as an investment. However, if a prospective client determines to do so, he/she will not receive HFG's initial and ongoing investment services. **Please Note:** In addition to HFG's investment fee described below, and transaction and/or custodial fees discussed below, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

Portfolio Activity. HFG has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment services, HFG will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when HFG determines that changes to a client's portfolio are neither necessary nor prudent. Of course, as indicated below, there can be no assurance that investment decisions made by HFG will be profitable or equal any specific performance level(s)

Please Note: Cash Positions. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), HFG may maintain cash positions for defensive purposes. All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating HFG's fee.

Client Obligations. In performing its services, HFG shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify HFG if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising HFG's previous recommendations and/or services.

Disclosure Statement. A copy of HFG's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Agreement* or *Financial Planning and Consulting Agreement*.

C. HFG shall provide investment services specific to the needs of each client. Prior to providing investment services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, HFG shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on HFG's services.

D. HFG does not participate in a wrap fee program.

E. As of March 22, 2023 total assets under management are \$183,595,782 on a discretionary basis and \$0 assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

A. **Investment Advisory Services.** HFG provides investment advisory services on a *fee-only* basis. HFG's annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under HFG's management. Fees charged are negotiable and may differ from client to client based upon Investment strategies utilized, the amount of assets under management and the amount of work anticipated in servicing your account(s). HFG's investment advisory fees generally ranges from negotiable up to 1.5%, depending upon various factors including but not limited to: the amount of assets to be managed; portfolio composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s); prior relationships with HFG and/or its representatives, and negotiations with the client. As a result, similarly situated clients could pay different fees and the services to be provided by HFG to any particular client could be available from other advisers at lower fees.

HFG does not require a minimum asset level or account size for investment advisory services. HFG, in its sole discretion, may elect not to onboard a client if we determine we are not best suited to meet their investment needs. HFG may also terminate a client relationship if HFG determines it can no longer meet the client's stated investment needs. HFG attempts to accommodate a wide range of custodians; however, HFG may reject to onboard a client who does not use a suggested/recommended custodian.

Client may terminate our services within five (5) days of the date of acceptance without fee or penalty to the Client. Thereafter Client will incur a pro rata charge for bona fide services actually rendered prior to such termination. After the five-day period, either party may terminate the Agreement by providing thirty (30) days advance written notice to the other party. Upon termination, any investment management fees will be pro-rated to the date of termination and any prepaid fees will be refunded to the Client.

Pension Consulting Services Fees. HFG's pension consulting fees are negotiable, but generally are charged up to 200 bps (basis points) of the plan assets for which HFG is providing such consulting services or on a fixed fee basis up to \$50,000 depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

Financial Planning and Consulting Services (Stand-Alone). HFG may provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. HFG's planning and consulting fees are negotiable, HFG charges up to \$300 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

B. Clients may elect to have HFG's advisory fees deducted from their custodial account. Both HFG's Investment Advisory Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of HFG's investment advisory fee and to directly remit that management fee to HFG in compliance with regulatory procedures. In the limited event that HFG bills the client directly, payment is due upon receipt of HFG's invoice. HFG shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter, with the exception of the initial month of engagement for which HFG may charge in arrears.

C. Unless the client directs otherwise or an individual client's circumstances require, HFG shall generally recommend as the broker-dealer/custodian for client investment management assets. Broker-dealers charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to HFG's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

D. HFG's annual investment fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter.

The Investment Agreement between HFG and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Agreement. Upon termination, HFG shall refund the prorated portion of the advanced fee paid based upon the number of days remaining in the billing quarter.

E. Neither HFG, nor its representatives, accepts compensation from the sale of securities or other investment products.

Item 6 Performance-Based Fees and Side-by-Side Management

Neither HFG, nor any supervised person of HFG, accepts performance-based fees.

Item 7 Types of Clients

HFG's clients shall generally include individuals, high net worth clients and business entities. HFG does not generally require a minimum asset level for investment services. HFG, in its sole discretion, may charge a lesser investment management fee and/or reduce and/or waive its minimum asset level requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

A. HFG may utilize the following methods of securities analysis:

Technical Analysis

Technical analysis involves the examination of past market data rather than specific company data in determining which securities to buy/sell. Technical analysis may involve the use of various quantitative-based calculations, variation metrics and charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of a company. These trends may include put/call ratios, pricing trends, moving averages, volume, and changes in volume, among many others. These trends, both short and long-term, are used for determining specific trade entry and exit points and broad economic analysis.

Cyclical Analysis

Cyclical analysis is similar to technical analysis in that it involves the assessment of market conditions at a macro (e.g., the entire market/economy) or micro (e.g., company specific) level, rather than the overall fundamental analysis of the health of a particular company. Cyclical analysis involves the historical patterns and trends of securities, markets or economies as a whole in an effort to determine future behaviors, the estimation of price movement and an evaluation of a transaction before entry into the market in terms of risk and profit potential.

Fundamental Analysis

Fundamental analysis is a method of evaluating a security in an attempt to assess its intrinsic value, by examining related economic, financial, and other qualitative and quantitative factors. Fundamental analysts study anything that can affect the security's value, including macroeconomic factors (e.g. economy and industry conditions) and microeconomic factors (e.g. financial conditions and company management). The end goal of fundamental analysis is to produce a quantitative value that an investor can compare with a security's current price, thus indicating whether the security is undervalued or overvalued.

In conducting its security analysis, HFG may utilize the following sources of information: financial newspapers and magazines, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the U.S. Securities and Exchange Commission, data services, and company press releases.

Investing in securities involves risk of loss that each client should be prepared to bear. The value of a client's investment may be affected by one or more of the following risks, any of which could cause a client's portfolio return, the price of the portfolio's shares or the portfolio's yield to fluctuate:

Market Risk. The value of portfolio assets will fluctuate as the stock or bond market fluctuates. The value of investments may decline, sometimes rapidly and unpredictably, simply because of economic changes or other events that affect large portions of the market.

Management Risk. A client's portfolio is subject to management risk because it is actively managed. HFG will apply its investment techniques and risk analysis in making investment decisions for a client's

portfolio, but there is no guarantee that these techniques and HFG's judgment will produce the intended results.

Quantitative Tools Risk. Some of HFG's investment techniques may incorporate, or rely upon, quantitative models. There is no guarantee that these models will generate accurate forecasts, reduce risks or otherwise produce the intended results.

Interest Rate Risk. Changes in interest rates will affect the value of a portfolio's investments in fixed-income securities. When interest rates rise, the value of investments in fixed-income securities tend to fall and this decrease in value may not be offset by higher income from new investments. Interest rate risk is generally greater for fixed-income securities with longer maturities or durations.

Credit Risk. An issuer or guarantor of a fixed-income security, or the counterparty to a derivatives or other contract, may be unable or unwilling to make timely payments of interest or principal, or to otherwise honor its obligations. The issuer or guarantor may default causing a loss of the full principal amount of a security. The degree of risk for a particular security may be reflected in its credit rating. There is the possibility that the credit rating of a fixed-income security may be downgraded after purchase, which may adversely affect the value of the security. Investments in fixed-income securities with lower ratings tend to have a higher probability that an issuer will default or fail to meet its payment obligations.

Allocation Risk. The allocation of investments among different asset classes may have a significant effect on portfolio value when one of these asset classes is performing more poorly than the others. As investments will be periodically reallocated, there will be transaction costs which may be, over time, significant. In addition, there is a risk that certain asset allocation decisions may not achieve the desired results and, as a result, a client's portfolio may incur significant losses.

Foreign (Non-U.S.) Risk. A portfolio's investments in securities of non-U.S. issuers may involve more risk than those of U.S. issuers. Their securities may fluctuate more widely in price and may be less liquid due to adverse market, economic, political, regulatory or other factors.

Emerging Markets Risk. Securities of companies in emerging markets may be more volatile than those of companies in developed markets. By definition, markets, economies and government institutions are generally less developed in emerging market countries. Investment in securities of companies in emerging markets may entail special risks relating to the potential for social instability and the risks of expropriation, nationalization or confiscation. Investors may also face the imposition of restrictions on foreign investment or the repatriation of capital and a lack of hedging instruments.

Currency Risk. Fluctuations in currency exchange rates may negatively affect the value of a portfolio's investments or reduce its returns.

Derivatives Risk. Certain strategies involve the use of derivatives to create market exposure. Derivatives may be illiquid, difficult to price and leveraged so that small changes may produce disproportionate losses for a client's portfolio and may be subject to counterparty risk to a greater degree than more traditional investments. Because of their complex nature, some derivatives may not perform as intended. As a result, a portfolio may not realize the anticipated benefits from a derivative it holds or it may realize losses. Derivative transactions may create investment leverage, which may increase a portfolio's volatility and may require the portfolio to liquidate portfolio securities when it may not be advantageous to do so.

Capitalization Risk. Investments in small- and mid-capitalization companies may be more volatile than investments in large-capitalization companies. Investments in small-capitalization companies may have additional risks because these companies have limited product lines, markets or financial resources.

Liquidity Risk. Liquidity risk exists when particular investments are difficult to purchase or sell, possibly preventing HFG from selling out of such illiquid securities at an advantageous price. Derivatives and securities involving substantial market and credit risk also tend to involve greater liquidity risk.

Issuer Specific Risk. The value of an equity security or debt obligation may decline in response to developments affecting the specific issuer of the security or obligation, even if the overall industry or economy is unaffected. These developments may comprise a variety of factors, including, but not limited to, management issues or other corporate disruption, political factors adversely affecting governmental issuers, a decline in revenues or profitability, an increase in costs, or an adverse effect on the issuer's competitive position.

Concentrated Portfolios Risk. Certain investment strategies focus on particular asset classes, countries, regions, industries, sectors or types of investments. Concentrated portfolios are an aggressive and highly volatile approach to trading and investing. Concentrated portfolios hold fewer different stocks than a diversified portfolio and are much more likely to experience sudden dramatic price swings. In addition, the rise or drop in the price of any given holding is likely to have a larger impact on portfolio performance than a more broadly diversified portfolio.

Legal or Legislative Risk. Legislative changes or court rulings may impact the value of investments or the securities' claim on the issuer's assets and finances.

Use of Leverage. Some of the strategies can utilize levered index products. Leveraged ETFs are considered risky. The use of leverage strategies by a fund increases the risk to the fund and magnifies gains or losses on the investment. You could incur significant losses even if the long-term performance of the underlying index showed a gain. Most leveraged ETFs "reset" daily. Due to the effect of compounding, their performance over longer periods of time can differ significantly from the performance of their underlying index or benchmark during the same period of time.

B. HFG's methods of analysis and investment strategies do not present any significant or unusual risks.

HFG's securities analysis methods rely on the assumption that the companies whose securities the firm purchases and sells, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While the firm is alert to indications that data may be incorrect, there is always the risk that the analysis may be compromised by inaccurate or misleading information.

Technical Analysis

The primary risk in using technical analysis is that spotting historical trends may not help predict such trends in the future. Even if the trend will eventually recur, there is no guarantee that HFG will be able to accurately predict such a reoccurrence.

Cyclical Analysis

The primary risk of cyclical analysis is that economic/business cycles may not be predictable and may have many fluctuations between long-term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore, there is an attendant difficulty in predicting economic trends. Consequently, the changing value of securities that would be affected by these changing trends.

Technical Trading Models

The primary risk of technical trading models is that historical trends and past performance cannot predict future trends and there is no assurance that the mathematical algorithms employed are designed properly, are updated with new data or updated in a timely manner, or can accurately predict future market, industry and sector performance.

C. Risks Associated with Specific Securities Utilized

Equity Securities

The major risks associated with investing in equity securities relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk and the company's ability to create shareholder value (e.g., increase the value of the company's stock price).

Exchange Traded Funds

ETFs are subject to risks similar to those of stocks. Investment returns will fluctuate and are subject to market volatility, so that when shares are sold they may be worth more or less than their original cost. ETF shares are bought and sold at market price (not Net Asset Value) and are not individually redeemed from the fund.

Equity Mutual Funds

The major risks associated with investing in equity mutual funds is similar to the risks associated with investing directly in equity securities, including market risk, which is the risk that investment returns will fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. Other risks include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth,

the amount of individual company diversification, the type and amount of industry diversification and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold their shares in the fund.

Fixed-Income Mutual Funds

In addition to the risks associated with investing in equity mutual funds, fixed-income mutual funds also carry the following risks:

Credit Risk – the risk that a company or bond issuer may fail to pay principal and interest payments in a timely manner.

Interest Rate Risk – the risk that the market value of the bonds will go down when interest rates rise.

Prepayment Risk – the risk that a bond will be paid off early.

Indexed Funds

Indexed Funds have the potential to be affected by “tracking error risk” which means a deviation from a stated benchmark index. Since the core of a portfolio may attempt to closely replicate a benchmark, the source of the tracking error (deviation) may come from a “sample index” that may not closely align the benchmark. In addition, while many index mutual funds are known for their potential tax efficiency and higher “qualified dividend income” (QDI) percentages, there are asset classes within these funds or holding periods that may not benefit. Shorter holding periods, as well as commodities and currencies that may be part of a fund’s portfolio, may be considered “non-qualified” under certain tax code provisions.

Options

There are numerous risks associated with transactions in options on securities or securities indexes. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. In the case of index options, the client incurs basis risk between the performance of the underlying portfolio and the performance of the underlying index. For example, the underlying portfolio may decline in value while the underlying index may increase in value, resulting in a loss on the call option while the underlying portfolio declines as well.

Alternative Investments

The performance of alternative investments (e.g., commodities, futures, hedge funds; funds of hedge funds, private equity or other types of limited partnerships) can be volatile. Alternative investments generally involve various risk factors and liquidity constraints, a complete discussion of which is set forth in the offering documents of each specific alternative investment. Due to the speculative nature of alternative investments a client must satisfy certain income or net worth standards prior to investing.

Additional Risks

Frequent Trading and Investment Performance

HFG’s tactical strategies are actively managed on a daily basis and frequent trading may occur. Strategies involving frequent trading of securities can affect investment performance through increased brokerage and other transaction costs and taxes.

Concentrated Portfolios

Concentrated portfolios are an aggressive and highly volatile approach to trading and investing. Concentrated portfolios hold fewer different stocks than a diversified portfolio and are much more likely to experience sudden dramatic price swings. In addition, the rise or drop in the price of any given holding is likely to have a larger impact on portfolio performance, than a more broadly diversified portfolio.

Use of Leverage

Some of the strategies can utilize levered index products. Leveraged ETFs are considered risky. The use of leverage strategies by a fund increases the risk to the fund and magnifies gains or losses on the investment. You could incur significant losses even if the long-term performance of the underlying index showed a gain. Most leveraged ETFs "reset" daily. Due to the effect of compounding, their performance over longer periods of time can differ significantly from the performance of their underlying index or benchmark during the same period of time.

Note that there may be other circumstances not described here that could adversely affect a client's investment and prevent their portfolio from reaching its objective.

HFG believes that its annual investment management fee is reasonable in relation to: (1) the advisory services provided under the Investment Advisory Agreement; and (2) the fees charged by other investment advisers offering similar services/programs. However, HFG's annual investment management fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to HFG's annual investment management fee, the client will also incur charges imposed directly at the mutual and exchange traded fund level (e.g., management fees and other fund expenses). **Please Note:** HFG's investment programs may involve above-average portfolio turnover which could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account.

Item 9 Disciplinary Information

- A. Neither HFG nor its management persons have any criminal or civil actions to disclose.
- B. HFG's owner Jason Hawke was found to have been involved in a violation of an investment-related statute or regulation and was the subject of an order by a state regulatory agency.

Hawke consented and agreed to an Order with the State of Idaho, Department of Finance as follows:

Date of Agreement & Order: 09/27/2019

State Regulatory Agency: State of Idaho, Department of Finance

Docket/Case: 2019-7-06

Agreement & Order: Jason Hawke admitted to a violation of FINRA Rule 3280 and section 104.28 of the Idaho Uniform Securities act as a result of his failure to notify his broker dealer National Securities Corporation prior to participating in private securities transactions relating to two personal investments in conservation easements he made in 2018. Additional information relating to the violation and the Consent Order is available on the SEC's public website: <https://adviserinfo.sec.gov/>.

Administrative Penalty \$10,000

Administrative Penalty: 30 day Suspension

C. Neither HFG nor management persons have any self-regulatory violations or disciplinary proceedings to disclose.

Item 10 Other Financial Industry Activities and Affiliations

A. Jason Hawke is a registered representative with D.H. Hill Securities, LLLP (“D.H. Hill”) and may earn a portion of commission clients pay for security transactions when acting as a representative of D.H. Hill. The additional income that Mr. Hawke generates, creates an incentive to recommend securities through D.H. Hill and is an inherent risk for a conflict of interest. We address this issue by disclosing the risk to our clients. Mr. Hawke works primarily as an investment adviser representative of Hawke Financial.

B. Neither HFG, nor its management, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trader or a representative of the foregoing.

C. Affiliations

You should be aware that your Hawke Advisor Representative may be engaged in other business activities which are disclosed in your Hawke Advisor’s Part 2B: Brochure Supplement. Some activities may be deemed a conflict of interest. Your Hawke Advisor is prohibited from engaging in any practice that could jeopardize or disadvantage a client or a client account(s). Accordingly, each advisor is further required to acknowledge and adhere to the policies and procedures mandated within the firm’s Code of Ethics. (Please see Item 11 for further information regarding the Code of Ethics).

1. Broker Dealer: No.
2. Investment Company: No.
3. Another Investment Advisor: No.
4. Futures Commission, merchant, commodity pool operator, or commodity trader: No
5. Bank or Thrift: No
6. Accountant or accounting firm: No
7. Lawyer or law firm: No
8. Insurance Company: No
9. Pension Consultant: No
10. Real Estate Broker: No
11. Sponsor or syndicator of limited partnerships: No
12. Mortgage Broker: No

D. Recommendation or Selection of Other Investment Advisers

HFG may recommend other investment advisors and may receive a portion of the fees you are charged by the unaffiliated adviser for the referral. HFG receives a portion of the fees you are charged by the unaffiliated adviser. This does not change the fee that you, the Client, pays.

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

A. HFG maintains an investment policy relative to personal securities transactions. This investment policy is part of HFG's overall Code of Ethics, which serves to establish a standard of business conduct for all of HFG's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, HFG also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by HFG or any person associated with HFG.

B. Neither HFG nor any related person of HFG recommends, buys, or sells for client accounts, securities in which HFG or any related person of HFG has a material financial interest.

C. HFG and/or representatives of HFG *may* buy or sell securities that are also recommended to clients. This practice may create a situation where HFG and/or representatives of HFG are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if HFG did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of HFG's clients) and other potentially abusive practices.

HFG has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of HFG's "Access Persons". HFG's securities transaction policy requires that Access Persons of HFG must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date HFG selects; provided, however, that at any time that HFG has only one Access Person, he or she shall not be required to submit any securities report described above.

D. HFG and/or representatives of HFG *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where HFG and/or representatives of HFG are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above in Item 11.C, HFG has a

personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of HFG's Access Persons.

Item 12 Brokerage Practices

A. HFG recommends to its client the use of D. H. (not a custodial broker-dealer) for certain limited broker dealer services. The rate charged by D. H. Hill is comparable to other broker dealers, however. It is important for clients to be aware that Jason Hawke is a registered representative of D.H. Hill and receives compensation in the form of commissions once securities are effected through D.H. Hill which creates a material conflict of interest. Clients are not obligated to use the limited services of D.H. Hill and effecting HFG's recommendation.

In the event that the client requests that HFG recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct HFG to use a specific broker-dealer/custodian), HFG generally recommends that investment management accounts be maintained at Charles Schwab & Co. Inc. Prior to engaging HFG to provide investment management services, the client will be required to enter into a formal Investment Agreement with HFG setting forth the terms and conditions under which HFG shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that HFG considers in recommending Charles Schwab & Co. Inc. (or any other broker-dealer/custodian to clients) include historical relationship with HFG, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by HFG's clients shall comply with HFG's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where HFG determines, in good faith, that the commission/transaction fee is reasonable. 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, commission rates, and responsiveness. Accordingly, although HFG will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, HFG's investment management fee. HFG'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

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, HFG may receive from Charles Schwab & Co. Inc. (or another broker-dealer/custodian, investment platform and/or mutual fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist HFG to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by HFG 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 HFG in furtherance of its investment business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist HFG in managing and administering client accounts. Others do not directly provide such assistance, but rather assist HFG to manage and further develop its business enterprise.

HFG's clients do not pay more for investment transactions effected and/or assets maintained at Charles Schwab & Co. Inc. as a result of this arrangement. There is no corresponding commitment made by HFG to Charles Schwab & Co. Inc. or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

2. HFG does not receive referrals from broker-dealers.

3. HFG 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 HFG 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 HFG. 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.

Please Note: In the event that the client directs HFG 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 commissions or 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 HFG.

B. To the extent that HFG provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless HFG decides to purchase or sell the same securities for several clients at approximately the same time. HFG may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among HFG's 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 be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. HFG shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 Review of Accounts

A. For those clients to whom HFG provides investment supervisory services, account reviews are conducted on an ongoing basis by HFG's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise HFG of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with HFG on an annual basis.

B. HFG may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. HFG may also provide a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

A. Jason Hawke is also a registered representative of DH Hill Securities for which he receives compensation in the form of commissions when an investment advisory client's investments are placed through D. H. Hill Securities.

As referenced in Item 12.A.1 above, HFG receives an indirect economic benefit from Charles Schwab & Co. Inc. HFG, without cost (and/or at a discount), may receive support services and/or products from Charles Schwab & Co. Inc.

HFG's clients do not pay more for investment transactions effected and/or assets maintained at Charles Schwab & Co. Inc. as a result of this arrangement. There is no corresponding commitment made by HFG to Charles Schwab & Co. Inc. or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

HFG may enter into solicitor agreements and may recommend clients to certain unaffiliated investment advisers. In such instances, HFG acts as a solicitor and receives a portion of the fee paid to the unaffiliated adviser. This does not raise the fee paid by the client and the client receives all required disclosure forms disclosing the terms of the solicitor relationship at the time the solicitation is made.

B. HFG may retain solicitors to refer clients on its behalf. If a client is introduced to HFG by a solicitor, HFG pays that solicitor a referral fee in accordance with all requirements of the Investment Advisers Act and any corresponding state securities law requirements. Any such referral fee shall be paid solely from HFG's advisory fee, and shall not result in any additional charge to the client. If the client is

introduced to HFG by a solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of the solicitor relationship with HFG, and shall provide each prospective client with a copy of this ADV 2A Brochure together with a copy of the written disclosure statement disclosing the terms of the solicitation arrangement between HFG and the solicitor, including the compensation to be received by the solicitor for the referral.

Item 15 Custody

HFG is deemed to have custody only because it shall have the ability to have its fee for each client debited directly by the custodian on a quarterly basis from client accounts. Physical custody of client assets will be maintained with the independent custodian. HFG will not have custody of any assets in the client's account except as permitted for payment of advisory fees. Clients will be solely responsible for paying all fees or charges of the custodian.

Your custodian will deliver brokerage statements monthly (no less frequently than quarterly) with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. HFG may also provide a written periodic report summarizing account activity and performance.

Our recommended custodians are members of the Securities Investor Protection Corporation (SIPC), and brokerage accounts maintained with them are protected by SIPC, which protects brokerage accounts of each customer when a brokerage firm is closed due to bankruptcy or other financial difficulties and customer assets are missing from accounts. SIPC protects brokerage accounts of each customer up to \$500,000 in securities, including a limit of \$250,000 on claims for cash. Money market funds held in a brokerage account are considered securities. For more information on SIPC coverage, please review the brochure "How SIPC Protects You" available for free download at www.sipc.org. Certain assets are not eligible for SIPC protection. Among the assets typically not eligible for SIPC protection are commodity futures contracts, precious metals, as well as investment contracts (such as limited partnerships) and fixed annuity contracts that are not registered with the U.S. Securities and Exchange Commission under the Securities Act of 1933.

In accordance with the SEC rule 15c3-3, often known as the "Customer Protection Rule", a custodian must protect client securities that are fully paid for by segregating them and ensuring that they are not used for any other purpose, such as for loans to investors or institutions, corporate investment purposes, and spending. This practice helps ensure that customers have access to these securities at all times. Customer assets may still be subject to market risk and volatility.

You have the option of using multiple custodians to provide yourself with greater SIPC coverage.

Clients are urged to carefully review statements received from the custodian to ensure the accurate reporting of such information.

Please Note: To the extent that HFG provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by HFG with the account statements received from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of HFG's fee calculation.

Item 16 Investment Discretion

The client can determine to engage HFG to provide investment services on a discretionary basis. Prior to HFG assuming discretionary authority over a client's account, client shall be required to execute an *Investment Agreement*, naming HFG as client's attorney and agent in fact, granting HFG full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage HFG on a discretionary basis may, at any time, impose restrictions, **in writing**, on HFG's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe HFG's use of margin, etc.).

Item 17 Voting Client Securities

A. HFG does not vote on client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

B. Clients will receive their proxies or other solicitations directly from their custodian. Clients should direct all proxy questions to the issuer of the security.

Item 18 Financial Information

A. HFG does not solicit fees of more than \$1,200, per client, six months or more in advance.

B. HFG does not have any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.

C. HFG has not been the subject of a bankruptcy petition.

Item 19 Requirements for State Registered Advisors

This Section does not apply to our firm.