

**Item 1: Cover Page**

**Part 2A of Form ADV  
Firm Brochure**

March 27, 2025

**HD Money, Inc.**

SEC Number 801-125764

3322 Bee Ridge Rd.  
Sarasota, FL 34239

phone: 941-925-2121  
fax: 941-925-2228  
email: [stuart@hdmoneyinc.com](mailto:stuart@hdmoneyinc.com)  
website: [www.hdmoneyusa.com](http://www.hdmoneyusa.com)

This brochure provides information about the qualifications and business practices of HD Money Inc. If you have any questions about the contents of this brochure, please contact us at 941-925-2121 or [stuart@hdmoneyinc.com](mailto:stuart@hdmoneyinc.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. Registration with the SEC or state regulatory authority does not imply a certain level of skill or expertise.

Additional information about HD Money Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2: Material Changes

This Firm Brochure is our disclosure document prepared according to regulatory requirements and rules. Consistent with the rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

There are no material changes to this Brochure from the last annual update issued on March 22, 2024.

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## Item 4: Advisory Business

### A. Description of Your Advisory Firm

HD Money, Inc. ("HDM" or the "firm") is a Florida corporation. The firm was formed in 2013 and is owned by Margaret Hixon, Stuart Dickson, and Phillip Dickson.

### B. Advisory Services Offered

HDM provides personalized, confidential financial planning and retains sub-advisers for services to individuals, businesses, and charitable organizations. Advice is provided through consultation with the client and may include one or more of the following services: determination of financial objectives, identification of financial concerns, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

HDM is a fee-based financial planning and investment management firm. HDM limits its investment advice to limited types of investments and strategies available from third-party managers, which include mutual funds, ETFs, stocks, and bonds.

An evaluation of each client's initial situation is provided to the client, often in the form of a net worth statement or risk analysis. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

#### Investment Management Services

HDM's discretionary investment management services are predicated on the client's investment objectives, goals, tolerance for risk, and other personal and financial circumstances. HDM will analyze each client's current investments, investment objectives, goals, age, time horizon, financial circumstances, investment experience, investment restrictions and limitations, and risk tolerance and implement a portfolio consistent with such investment objectives, goals, risk tolerance and related financial circumstances. In addition, HDM may utilize third-party software to analyze individual security holdings and separate account managers utilized within the client's portfolio.

For discretionary investment management services, HDM receives a limited power of attorney to effect securities transactions on behalf of its clients. Clients may grant HDM limited discretionary authority with respect to advisory client assets, including discretion to select third-party managers on behalf of such HDM advisory clients. HDM recommends securities transactions to its clients that include securities and strategies as described in Item 8 of this Brochure.

Clients have the right to provide the firm with any reasonable investment restrictions that should be imposed on the management of their portfolio, and should promptly notify the firm in writing of any changes in such restrictions or in the client's personal financial circumstances, investment objectives, goals and tolerance for risk. HDM will remind clients of their obligation to inform the firm of any such changes or any restrictions that should be imposed on the management of the client's account. HDM will also contact clients at least annually to determine

whether there have been any changes in a client's personal financial circumstances, investment objectives and tolerance for risk.

### **Independent Account Managers**

With respect to the discretionary services clients engage us to provide, HDM may recommend the use of independent account managers ("sub-advisers") to manage all or a portion of client assets. The client authorizes HDM to delegate the performance of the discretionary services to sub-advisers. Under such authority, the client authorizes us to allocate assets into, or recommend, portfolios of investments constructed, monitored, and modified from time to time by one or more sub-advisers. While such sub-advisers will manage accounts on an ongoing basis, the sub-advisers will not provide clients with advice based on their circumstances—HDM will recommend how client assets should be allocated among the sub-advisers and their strategies. HDM will provide clients with the ADV Part 2A Brochure of any sub-advisers. Certain sub-advisers we utilize may require the client to separately enter into a services agreement with that sub-adviser as a condition to participate in all or certain investment programs offered by such sub-adviser, and the client may be required or complete a separate trading authorization form required by a qualified custodian. Any sub-adviser we retain or engage will have the same discretionary authority to buy, sell, or hold investments for the account(s) the client grants to us by giving instructions to brokers and dealers and the account's qualified custodian(s).

Currently, HDM has an agreement with its affiliate, Monorail Securities, LLC, to provide HDM with access to portfolios developed and monitored by Monorail Securities (the "Portfolios") to recommend to its clients. Either HDM or the client determine the amounts to be invested in the Portfolios, and thereafter, Monorail Securities has limited discretion to rebalance the client's account within the Portfolios.

### **Consulting and Financial Planning Services**

HDM provides review and analysis in many areas including, but not limited to risk vs. reward analysis, income analysis, insurance policy review, investment allocation review, legacy analysis and social security analysis.

HDM gathers required information through in-depth personal interviews and questionnaires. Information gathered includes a client's current financial status, investment objectives, future goals, and attitudes toward risk. Related documents supplied by the client are carefully reviewed, and a report is prepared covering one or more of the above-mentioned topics as directed by the client.

Managers, members, and registered personnel of HDM are licensed insurance agents. In implementing the financial plan, the firm may recommend insurance products in which it has an economic interest. Please be advised of the following:

- A conflict exists between the investment adviser and the client.
- The client is under no obligation to act upon the firm's recommendation.
- If the client elects to act on the firm's recommendations, the client is under no obligation to effect the transaction through the firm.

Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by HDM under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising HDM's recommendations and/or services.

### **C. Client-Tailored Services and Client-Imposed Restrictions**

Each client's account will be managed on the basis of the client's financial situation and investment objectives and in accordance with any reasonable restrictions imposed by the client on the management of the account. For example, other than for Vimvest Portfolios, clients may restrict the type or amount of security to be purchased in the portfolio.

### **D. Wrap Fee Programs**

HDM does not participate in wrap fee programs, where certain brokerage commissions and transaction costs are included in the asset-based fee charged to the client. HDM does recommend the wrap fee program of its affiliate, Vimvest.

### **E. Client Assets Under Management**

As of December 31, 2024, HDM managed \$294,028,000 of client assets, all on a discretionary basis.

## Item 5: Fees and Compensation

### A. Methods of Compensation and Fee Schedule

#### Investment Management Fees

HDM charges a maximum percentage up to 1% quarterly in advance. HDM's affiliate, Monorail Securities, provides sub-adviser services to HDM. Monorail Securities' sub-adviser fee does not increase the HDM client advisory fee. HDM pays Monorail Securities a portion of the fee it collects from its advisory clients. The sub-adviser may impose a minimum portfolio size or otherwise condition the provision of investment advisory services. Please refer to such sub-adviser's ADV Part 2A Brochure for specific information.

Asset-based fees are always subject to the investment advisory agreement between the client and HDM and will be charged in advance on the first day of each quarter based on the market value of the assets in the account(s) on the last day of the immediately preceding quarter. New accounts that were not charged the HDM management fee for an initial partial quarter of an engagement may be charged the HDM management fee in arrears with respect to the initial partial quarterly period of the engagement. The fees will be prorated if the investment advisory relationship commences otherwise than at the beginning of a calendar quarter.

Fees will be deducted by the sub-adviser from the client's account at the custodian, and the third-party manager will remit the adviser fee to HDM.

#### Financial Planning and Consulting Fees

Financial planning fees will be billed at a fixed fee mutually agreed upon by the client and HDM, which generally range from \$250 to \$5,000, depending on the complexity of the engagement and the number planning services selected. Per the planning agreement, the full fee will be due and payable at the time the agreement is signed.

### B. Client Payment of Fees

#### Investment Management Fees

HDM generally requires fees to be prepaid. HDM is paid directly by the sub-adviser pursuant to the terms of the written agreement between HDM and the sub-adviser.

For sub-advised accounts, the sub-adviser will deduct advisory fees directly from the client's account provided that (i) the client provides written authorization to the qualified custodian, and (ii) the qualified custodian sends the client a statement, at least quarterly, indicating all amounts disbursed from the account. The client is encouraged to review the custodian statement to verify the accuracy of the fee calculation, as the client's custodian will not verify the calculation.

A client investment advisory agreement may be canceled at any time by the client, or by HDM with 30 days' prior written notice to the client. The sub-adviser may terminate its services to the

client via written notice to HDM upon 30 days' written notice. Upon termination, any unearned, prepaid fees will be promptly refunded.

Termination provisions may vary by the sub-adviser. Please refer to such sub-adviser's ADV Part 2A Brochure for specific information.

### **Financial Planning and Consulting Fees**

Fees for financial plans are billed in advance. Per the planning agreement, the full fee will be due and payable at the time the agreement is signed. For prepaid fees in excess of \$1,200, services will be completed within six months of the date fees are received. Clients seeking to terminate this service must do so in writing.

Because HDM will charge fees in advance for financial planning, clients upon termination of financial planning services will receive a prorated refund of fees based on services provided prior to termination.

### **C. Additional Client Fees Charged**

All fees paid for investment advisory services are separate and distinct from the fees and expenses charged by exchange-traded funds, mutual funds, sub-advisers (other than Monorail Securities), broker-dealers, and custodians retained by clients. Such fees and expenses are described in each exchange-traded fund and mutual fund's prospectus, each sub-adviser's Form ADV and Brochure and Brochure Supplement or similar disclosure statement, and by any broker-dealer or custodian retained by the client. Clients are advised to read these materials carefully before investing. If a mutual fund also imposes sales charges, a client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. A client using HDM may be precluded from using certain mutual funds or separate account managers because they may not be offered by the client's custodian.

Please note that for client accounts the firm maintains, the custodian generally does not charge clients separately for custody services but is compensated by charging commissions or other fees on trades that it executes or that settle into the custodian's accounts ("transaction-based fees"). For some accounts, the client may be offered the choice of asset-based pricing, where the custodian charges a percentage of the dollar amount of assets in the account in lieu of transaction-based fees. If asset-based pricing is selected and very little trading is done for the account, more fees could be paid by the client to the custodian than would have been charged under transaction-based pricing. Factors the client should consider before selection asset-based pricing instead of transaction-based pricing include the amount of trading expected in the portfolio, the size of the portfolio, and the transaction fees and asset-based fees charged by the custodian.

Please refer to the Brokerage Practices section (Item 12) for additional information regarding the firm's brokerage practices.

## D. External Compensation for the Sale of Securities to Clients

HDM's advisory professionals are compensated primarily through a salary and bonus structure. HDM's advisory professionals may be paid sales, service or administrative fees for the sale of mutual funds or other investment products. HDM's advisory professionals may receive commission-based compensation for the sale of securities and insurance products. Investment adviser representatives, in their capacity as a Viewtrade Securities, Inc. registered representative, are prohibited from earning an advisory fee on the securities value transferred from an advisory client's Viewtrade Securities, Inc. brokerage account unless commissions earned on such securities transactions occurred at least a 12–18 months prior to the transfer. Please see Item 10.C. for detailed information and conflicts of interest.

## E. Important Disclosure – Custodian Investment Programs

Please be advised that the firm utilizes certain custodians/broker-dealers. Under these arrangements we can access certain investment programs offered through such custodian(s) that offer certain compensation and fee structures that create conflicts of interest of which clients need to be aware. Please note the following:

***Limitation on Mutual Fund Universe for Custodian Investment Programs:*** There are certain programs in which we participate where a client's investment options may be limited in certain of these programs to those mutual funds and/or mutual fund share classes that pay 12b-1 fees and other revenue sharing fee payments, and the client should be aware that the firm is not selecting from among all mutual funds available in the marketplace when recommending mutual funds to the client.

***Conflict Between Revenue Share Class (12b-1) and Non-Revenue Share Class Mutual Funds:*** Revenue share class/12b-1 fees are deducted from the net asset value of the mutual fund and generally, all things being equal, cause the fund to earn lower rates of return than those mutual funds that do not pay revenue sharing fees. The client is under no obligation to utilize such programs or mutual funds. Although many factors will influence the type of fund to be used, the client should discuss with their investment adviser representative whether a share class from a comparable mutual fund with a more favorable return to investors is available that does not include the payment of any 12b-1 or revenue sharing fees given the client's individual needs and priorities and anticipated transaction costs. In addition, the receipt of such fees can create conflicts of interest in instances where the custodian receives the entirety of the 12b-1 and/or revenue sharing fees and takes the receipt of such fees into consideration in terms of benefits it may elect to provide to the firm, even though such benefits may or may not benefit some or all of the firm clients.

***Additional Disclosure Concerning Wrap Programs:*** To the extent that we either sponsor or recommend wrap fee programs, please be advised that certain wrap fee programs may (i) allow our investment adviser representatives to select mutual fund classes that either have no transaction fee costs associated with them but include embedded 12b-1 fees that lower the investor's return ("sometimes referred to as "A-Shares," depending on the mutual fund issuer), or (ii) allow the use of mutual fund classes that have transaction fees associated with them but

do not carry embedded 12b-1 fees (sometimes referred to as "I-Shares," depending on the mutual fund sponsor). Wrap fee programs offer investment services and related transaction services for one all-inclusive fee (except as may be described in the applicable wrap fee program brochure). The trading costs are typically absorbed by the firm and/or the investment representative. If a client's account holds A-Shares within a wrap fee program, the firm and/or its investment adviser representative avoids paying the transaction fees charged by other mutual fund classes, which in effect decreases the firm's costs and increases its revenues from the account. Effectively, the cost is transferred to the client from the firm in the form of a lower rate of return on the specific mutual fund. This creates an incentive for the firm or investment adviser representative to utilize such funds as opposed to those funds that may be equally appropriate for a client but do not carry the additional cost of 12b-1 fees. As a policy matter, the firm does not allow funds that impose 12b-1 or revenue sharing fees on the client's investment within its wrap fee programs. Clients should understand and discuss with their investment adviser representative the types of mutual fund share classes available in the wrap fee program and the basis for using one share class over another in accordance with their individual circumstances and priorities.

## **Item 6: Performance-Based Fees and Side-by-Side Management**

HDM does not charge performance-based fees.

## Item 7: Types of Clients

HDM generally provides investment advice to individuals, trusts, estates, or charitable organizations, corporations, or business entities.

HDM has no minimum fee or portfolio requirements. Separate account managers utilized by HDM may have a minimum portfolio fee or size as a prerequisite to establishing accounts. Please refer to the applicable manager's disclosure brochure.

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

### A. Methods of Analysis and Investment Strategies

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear. There is no guarantee that any specific investment or strategy will be profitable for a particular client.**

#### Modern Portfolio Theory

Modern portfolio theory is a theory of investment that attempts to maximize portfolio-expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various assets. Modern portfolio theory assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

#### Long-Term Trading

Vimvest provides the Vimvest Portfolios to HDM's clients on a sub-advisory basis. When constructing and monitoring the Vimvest Portfolios, Vimvest utilizes a long-term investment strategy to capture rates of return which tend to smooth out the short-term volatility of the market and specific securities.

#### Exchange-Traded Funds

The Vimvest Portfolios are limited to individual exchange-traded funds ("ETFs"). A description of the criteria to be used in formulating an investment recommendation follows.

Vimvest has formed relationships with third-party vendors that

- provide a technological platform for separate account management
- prepare performance reports
- perform or distribute research of individual securities
- perform billing and certain other administrative tasks

Vimvest may utilize additional independent third parties to assist it in constructing and monitoring the Vimvest Portfolios.

Vimvest reviews certain quantitative and qualitative criteria related to ETFs and to formulate the Vimvest Portfolios. Quantitative criteria may include

- the performance history of an ETF evaluated against that of its peers and other benchmarks

- an analysis of risk-adjusted returns
- an analysis of the manager's contribution to the investment return (e.g., manager's alpha), standard deviation of returns over specific time periods, sector and style analysis
- ETFs' embedded fees
- ETFs' underlying strategy and portfolio assets
- the relevant portfolio manager's tenure

Qualitative criteria used in selecting ETFs comprising the Vimvest Portfolios include the investment objectives and/or management style and philosophy of an ETF manager; an ETF manager's consistency of investment style; and employee turnover and efficiency and capacity.

ETFs' quantitative and qualitative criteria are reviewed by Vimvest on a quarterly basis or such other interval as appropriate under the circumstances. In addition, ETFs are reviewed to determine the extent to which their investments reflect efforts to time the market, or evidence style drift such that their portfolios no longer accurately reflect the particular asset category attributed to the ETF by Vimvest (both of which are negative factors in implementing an asset allocation structure).

Vimvest will regularly review the activities of ETFs utilized for the Vimvest Portfolios. Clients should review and understand the disclosure documents of those mutual funds and ETFs, which contain information relevant to such retention or investment, including information on the methodology used to analyze securities, investment strategies, fees and conflicts of interest.

### **Material Risks of Investment Instruments**

HDM generally invests in the following types of securities:

- Equity securities
- Mutual fund securities
- Exchange-traded funds
- Fixed income securities
- Fixed indexed annuities
- Structured notes

### **Equity Securities**

Investing in individual companies involves inherent risk. The major risks 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 (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

### **Mutual Fund Securities**

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund 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 the fund.

### **Exchange-Traded Funds (“ETFs”)**

ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Some examples of ETFs are SPDRs<sup>®</sup>, streetTRACKS<sup>®</sup>, DIAMONDS<sup>SM</sup>, NASDAQ 100 Index Tracking Stock<sup>SM</sup> (“QQQs<sup>SM</sup>”) iShares<sup>®</sup> and VIPERs<sup>®</sup>. ETFs have embedded expenses that the client indirectly bears.

Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral.

Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

### **Fixed Income Securities**

Fixed income securities carry additional risks than those of equity securities described above. These risks include the company's ability to retire its debt at maturity, the current interest rate environment, the coupon interest rate promised to bondholders, legal constraints, jurisdictional risk (U.S or foreign) and currency risk. If bonds have maturities of ten years or greater, they will likely have greater price swings when interest rates move up or down. The shorter the maturity the less volatile the price swings. Foreign bonds have liquidity and currency risk.

### **Fixed Indexed Annuities**

An equity-indexed annuity is a type of fixed annuity that is distinguished by the interest yield return being partially based on an equities index, typically the S&P 500. The returns (in the form of interest credited to the contract) can consist of a guaranteed minimum interest rate and an interest rate linked to a market index. The guaranteed minimum interest rate usually

ranges from 1 to 3 percent on at least 87.5 percent of the premium paid. As long as the company offering the annuity is fiscally sound enough to meet its obligations, the investor will be guaranteed to receive this return no matter how the market performs. Index-linked returns will depend on how the index performs but, generally speaking, an investor with an indexed annuity will not see his or her rate of return fully match the positive rate of return of the index to which the annuity is linked — and could be significantly less. One major reason for this is that returns are subject to contractual limitations in the form of caps and participation rates. Participation rates are the percentage of an index's returns that are credited to the annuity. For instance, if the annuity has a participation rate of 75%, then the index-linked returns would only amount to 75% of the gains associated with the index. Interest caps, meanwhile, essentially mean that during big bull markets, investors won't see their returns go sky-high. For instance, if an index rises 12%, but an investor's annuity has a cap of 7%, his or her returns will be limited to 7%.

Some indexed annuity contracts allow the issuer to change these fees, participation rates, and caps from time to time. Investors should also be aware that trying to withdraw the principal amount from a fixed indexed annuity during a certain period — usually within the first 9 or 10 years after the annuity was purchased — can result in fees known as surrender charges and could also trigger tax penalties. In fact, under some contracts, if withdrawals are taken, amounts already credited will be forfeited. After paying surrender charges, an investor could lose money by surrendering their indexed annuity too soon.

### **Structured Notes**

**What are Structured Notes?** Structured notes are fixed income securities that are issued by financial institutions with returns that are linked to or based on, among other things, equity indices, a single equity security, a basket of equity securities, interest rates, commodities, debt securities, exchange traded funds, and/or foreign currencies (a "Structured Note"). The security, asset, or index on which a Structured Note is based is often called the "Reference Instrument." Structured Notes have a fixed maturity date and include two components – a bond component and an embedded derivative. While some Structured Notes offer substantial protection of invested principal, others offer limited or no principal protection.

The embedded derivatives within Structured Notes adjust the note's risk/return profile by including additional modifying structures that can increase potential returns. The return performance of a Structured Note typically tracks the return profile of the underlying debt obligation and the derivative that is embedded within it. Instead of simply paying straight fixed or floating interest, Structured Notes can offer interest payments that are tailored to specific indices and/or rates. The derivative securities that are embedded in the Structured Note can also positively or negatively affect the redemption value and final maturity of the security.

Depending on complexity, risk profile, and numerous other factors, Structured Notes often pay interest or coupon rates that are above the prevailing market rate. Many Structured Notes cap or limit the amount of upside participation in the Reference Instrument or underlying asset, particularly in cases where the Structured Note offers principal protection or pays interest that

is above-market. Structured Notes are typically issued by investment banks or their affiliates and feature a fixed maturity date.

Structured Notes are not suitable for everyone. All investors assume full credit risk of the security's issuer and/or guarantor. This means that the investor may lose all the monies invested, including all initial amounts invested as principal protection may not apply, if the issuer and/or the guarantor become insolvent or fail in any way.

Each Structured Note involves varying degrees of risk and unique suitability issues that investors must consider before investing in such securities. Structured Notes involve important legal and tax consequences and investment risks, which each investor should discuss with qualified financial, accounting, and tax advisors regarding the suitability of the specific Structured Note in light of each investor's particular circumstances.

**Understanding the Risk Factors.** Before investing in any Structured Note security, it is important that you obtain and read the pricing supplement, accompanying prospectus, and prospectus supplements to ensure that you understand the risks associated with the specific Structured Note that you are purchasing.

Payment terms vary significantly for each Structured Note depending on the structure and component of the specific security. While some Structured Notes may pay interest prior to liquidation, others may include payments only upon maturity. Additionally, rates of return vary based on many factors, including the performance of the underlying securities, assets, indices, and/or commodities.

As discussed in the risk factor explanation below, you are also advised that, in cases where the return on the underlying securities is positive, payment may be limited if the structure includes a cap on the percentage return for the underlying security or depending on how the percentage increase for the underlying security is calculated as of the determination date. You are also advised that it may be difficult to sell or liquidate the Structured Note or underlying security as there may be little or no secondary market for such securities, and independent market pricing may be limited or unavailable and market values may vary based on a variety of factors affecting the underlying securities or assets. Such factors may include, among other things: time to maturity; appreciation or depreciation of underlying securities; market volatility; interest rate fluctuations; and myriad other events that may positively or negatively affect the value of underlying securities, indices, or assets.

*Issuer Credit Worthiness.* Unless a Structured Note is specifically stated to be 100% principal protected or FDIC insured, some or all of your invested principal may be at risk. The return of your principal is guaranteed only to the extent specified in the specific offering terms for the Structured Note security you are purchasing and is specifically subject to the credit and creditworthiness of the issuer and the underwriter. If there is a negative return on the underlying security or Reference Instrument, then you may receive an amount that is less than your invested principal at maturity and you could lose up to the percentage indicated in your initial investment terms. In some cases, you may end up owning the underlying security at a price that is lower than the original purchase price.

*Issuance price and note value.* The price you will pay for a Structured Note at the time of issuance will often be higher than the fair market value of the Structured Note on the date of issuance. The cover page of the offering prospectus discloses the Issuer's estimated value of the Structured Note in order to enable you to note the difference between the issuance price and the issuer's estimated value of the note. The issuance price of the note is typically higher than the estimated market value of the note because issuers include in the initial price the costs for selling, structuring, and/or hedging their exposure on the note. Additionally, Structured Notes often may not be resold on a daily basis, which makes it difficult to value them, particularly given their complexity as compared to other financial products.

*Liquidity.* With the exception of Exchange Traded Notes ("ETNs"), Structured Notes are typically not listed on any national securities exchange and can be difficult to sell, trade, or liquidate, especially in any large quantity or within any limited period of time. Although some Structured Notes are listed on national securities exchanges, such securities are often thinly traded and difficult to sell, trade, or liquidate. As a result, the issuing financial institution's broker-dealer affiliate or the broker-dealer distributor of the note may be the only potential buyers for your Structured Note, and many issuers often specifically disclaim their intention to repurchase or make markets in the notes that they issue. If you choose to invest in a Structured Note, you must be prepared to hold the note until it reaches the maturity date or bear the risk of selling the note at a discount to its value at the time of sale.

*Payoff structure.* Structured notes often have complicated payoff structures that make it difficult to accurately assess their value, risk, and growth potential over the term of the note. It can be complex to determine each note's performance as the payoff structures and features vary considerably among different notes. For example, payoff structures may be leveraged, inverse, or inverse-leveraged, which can result in larger returns or losses for the investor. You should review the prospectus and pricing supplements carefully for each Structured Note to ensure that you thoroughly understand how the payoff on each note will be calculated. For example, the payoff on Structured Notes can depend on:

- *Participation rates:* Many Structured Notes provide a minimum payoff of the invested principal plus an additional payoff amount to the investor. This is calculated by multiplying the increase in the Reference Instrument by a fixed percentage, which is often called the "participation rate." The participation rate determines how much of the increase in the Reference Instrument will be paid to you a purchaser of the Structured Note.
- *Capped maximum returns:* Some Structured Notes provide payments that are linked to a Reference Instrument with a leveraged or enhanced participation rate, but the payoff amount is capped at a pre-set maximum payoff amount. This means that the investor does not participate in any increase in the Reference Instrument above the maximum payoff level.
- *Knock-in feature:* Structured Notes often include a pre-specified threshold for the Reference Instrument that is called a knock-in feature (also known as a barrier or trigger) that affects the payout return on the note. If the Reference Instrument falls below a pre-specified level during the term of the note, you could lose some or all of your principal

investment at maturity. You could also lose the coupon payments scheduled throughout the term of the note.

- *Credit Rating:* While many Structured Notes, Reference Instruments, and underlying securities may be assigned a credit rating from a national rating organization, many Structured Notes and underlying securities have no credit rating. To the extent that a particular credit rating may pertain to the creditworthiness of the issuer, it is not necessarily indicative of the risk associated with a specific Structured Note or Reference Instrument, index, or asset. The presentation of a credit rating in relation to any Structured Note or underlying security may not indicate or reflect the safety of the principal invested or the potential investment returns associated with your investment. Such credit ratings may not affect or enhance the likely performance of the Structured Note investment.

**Tax.** The Structured Note investment may be treated as a "contingent payment debt instrument" for U.S. federal income tax purposes. Consequently, even in cases where any accrued interest is not payable until maturity, investors may be required to accrue such interest as ordinary income based on the "comparable yield" of the underlying securities as determined by the underwriter. Halo strongly recommends that you consult your tax advisor regarding such tax treatment and implications prior to purchasing any Structured Note security.

## **B. Investment Strategy and Method of Analysis Material Risks**

Our investment strategy is custom-tailored to the client's goals, investment objectives, risk tolerance, and personal and financial circumstances. For many clients, we recommend the Vimvest Portfolios.

## **C. Concentration Risks**

There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, one type of investment instrument (equities versus fixed income). Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There is nothing to report on this item.

### **B. Administrative Enforcement Proceedings**

There is nothing to report on this item.

### **C. Self-Regulatory Organization Enforcement Proceedings**

There is nothing to report on this item.

## Item 10: Other Financial Industry Activities and Affiliations

### A. Broker-Dealer or Representative Registration

Neither HDM nor its affiliates, employees, or independent contractors are registered broker-dealers and do not have an application to register pending.

Certain registered advisory personnel of HDM are registered representatives of Viewtrade Securities, Inc. ("Viewtrade"), a FINRA-registered broker-dealer and member of SIPC. Viewtrade is a financial services company engaged in the sale of investment products

### B. Futures or Commodity Registration

Neither HDM nor its affiliates are registered as a commodity firm, futures commission merchant, commodity pool operator or commodity trading advisor and do not have an application to register pending.

### C. Material Relationships Maintained by this Advisory Business and Conflicts of Interest

#### Monorail Securities, LLC

Monorail Securities, LLC, is an SEC-registered investment adviser and affiliate of HDM. Monorail Securities provides sub-adviser services to HDM. In addition, certain managers, members, and registered employees of HDM are employees of Monorail Securities. This affiliation represents a conflict of interest in that HDM has an economic incentive to utilize Monorail Securities as a sub-adviser, and conversely for Monorail Securities professionals to recommend the investment management services of its affiliate, HDM. You are under no obligation to utilize an affiliate's services.

#### Broker-Dealer Registration

Certain managers, members, and registered personnel of HDM are associated persons of Viewtrade. As a result, such professionals, in their capacity as registered representatives of Viewtrade are subject to the oversight of Viewtrade and the Financial Industry Regulatory Authority, Inc. ("FINRA"). As such, clients of HDM should understand that their personal and account information is available to FINRA and Viewtrade personnel in the fulfillment of their oversight obligations and duties.

HDM professionals who effect transactions for advisory clients may receive transaction or commission compensation from Viewtrade. The recommendation of securities transactions for commission creates a conflict of interest in that HDM representatives are economically incented to effect securities transactions for clients. Although HDM strives to put its clients' interests first, such recommendations may be viewed as being in the best interests of the HDM representative rather than in the client's best interest. HSM advisory clients are not compelled to effect securities transactions through Viewtrade. In addition, although HDM strives to put its clients

interest first, there is a conflict in that depending upon the nature and expected frequency of trading HDM or its representatives may be economically incented to offer its services under asset based fee arrangement as an investment advisory relationship or transaction based commission arrangement through Viewtrade. Please consult with your financial advisor to determine which arrangement is appropriate for you.

### **Insurance Sales**

Certain managers, members, and registered employees of HDM are licensed insurance agents through Vimvest Advisors, LLC, a wholly owned affiliate of Vimvest Holdings, LLC, and may offer insurance products through Financial Independence Group. From time to time, they will offer clients advice or products from these activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. Please also be advised that HDM strives to put its clients' interests first and foremost, and clients may utilize any insurance carrier or insurance agency they desire.

### **Investments in Affiliates**

Certain of HDM's advisory clients have invested capital in Monorail, Inc., an affiliate of HDM. HDM clients should be aware of certain conflicts of interest related to those investments. First, HDM is incentivized to preference advisory clients who are investors in an affiliate versus those advisory clients that have not invested in an affiliate. Capital raised by the affiliate is used to enhance the overall technology platform available to the HDM affiliate entities including HDM. A failure to maintain attract or maintain sufficient growth capital could result in either a degradation of services or a failure to roll out new services that may have been a factor in clients' evaluation to engage HDM. Lastly, HDM's advisory clients should be aware that any investment in an HDM affiliate is outside the scope of their advisory relationship with HDM. There is no ongoing responsibility for HDM to make recommendations with respect to any investment by its advisory clients in any affiliate. The affiliate and its employees are solely responsible for any affiliate capital raising activities.

## **D. Recommendation or Selection of Other Investment Advisors and Conflicts of Interest**

Although HDM does not receive any remuneration from advisers, investment managers, or other service providers that it recommends to clients, the firm engages sub-advisers to manage HDM client accounts and receives a portion of the advisory fees charged by HDM for its investment management services.

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

### **A. Code of Ethics Description**

In accordance with the Advisers Act, HDM has adopted policies and procedures designed to detect and prevent insider trading. In addition, HDM has adopted a Code of Ethics (the "Code"). Among other things, the Code includes written procedures governing the conduct of HDM's advisory and access persons. The Code also imposes certain reporting obligations on persons subject to the Code. The Code and applicable securities transactions are monitored by the chief compliance officer of HDM. HDM will send clients a copy of its Code of Ethics upon written request.

HDM has policies and procedures in place to ensure that the interests of its clients are given preference over those of HDM, its affiliates and its employees. For example, there are policies in place to prevent the misappropriation of material non-public information, and such other policies and procedures reasonably designed to comply with federal and state securities laws.

### **B. Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

HDM does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). HDM does recommend securities to advisory clients in which it has some affiliation, proprietary, or ownership interest.

### **C. Advisory Firm Purchase or Sale of Same Securities Recommended to Clients and Conflicts of Interest**

HDM, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may purchase or sell the same securities as are purchased or sold for clients in accordance with its Code of Ethics policies and procedures. The personal securities transactions by advisory representatives and employees may raise potential conflicts of interest when they trade in a security that is:

- owned by the client, or
- considered for purchase or sale for the client.

Such conflict generally refers to the practice of front-running (trading ahead of the client), which HDM specifically prohibits. HDM has adopted policies and procedures that are intended to address these conflicts of interest. These policies and procedures:

- require our advisory representatives and employees to act in the client's best interest
- prohibit fraudulent conduct in connection with the trading of securities in a client account

- prohibit employees from personally benefitting by causing a client to act, or fail to act in making investment decisions
- prohibit the firm or its employees from profiting or causing others to profit on knowledge of completed or contemplated client transactions
- allocate investment opportunities in a fair and equitable manner
- provide for the review of transactions to discover and correct any trades that result in an advisory representative or employee benefitting at the expense of a client.

Advisory representatives and employees must follow HDM's procedures when purchasing or selling the same securities purchased or sold for the client.

#### **D. Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

HDM, its affiliates, employees and their families, trusts, estates, charitable organizations, and retirement plans established by it may effect securities transactions for their own accounts that differ from those recommended or effected for other HDM clients. HDM will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. It is the policy of HDM to place the clients' interests above those of HDM and its employees.

## Item 12: Brokerage Practices

### A. Factors Used to Select Broker-Dealers for Client Transactions

#### Custodian Recommendations

HDM may recommend that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab" or "custodian"), a FINRA-registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although HDM may recommend that clients establish accounts at the custodian, it is the client's decision to custody assets with the custodian. HDM is independently owned and operated and not affiliated with custodian. For HDM client accounts maintained in its custody, the custodian generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into custodian accounts.

HDM considers the financial strength, reputation, operational efficiency, cost, execution capability, level of customer service, and related factors in recommending broker-dealers or custodians to advisory clients.

In certain instances and subject to approval by HDM, HDM will recommend to clients certain other broker-dealers and/or custodians based on the needs of the individual client, and taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. The final determination to engage a broker-dealer or custodian recommended by HDM will be made by and in the sole discretion of the client. The client recognizes that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.

#### How We Select Brokers/Custodians to Recommend

HDM seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear, and settle trades (buy and sell securities for client accounts)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)

- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength, and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below

#### **Client's Custody and Brokerage Costs**

For client accounts that the firm maintains, the custodian generally does not charge clients separately for custody services but is compensated by charging either transaction fees or custodian asset-based fees on trades that it executes or that settle into the custodian's accounts. For some accounts, the custodian may charge a percentage of the dollar amount of assets in the account in lieu of commissions. The custodian's commission rates and asset-based fees applicable to the firm's client accounts were negotiated based on the firm's commitment to maintain a certain minimum amount of client assets at the custodian. This commitment benefits the client because the overall commission rates and asset-based fees paid are lower than they would be if the firm had not made the commitment. In addition to commissions or asset-based fees, the custodian charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that the firm has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's custodian account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize the client's trading costs, the firm has the custodian execute most trades for the account.

#### **Soft Dollar Arrangements**

The firm does not utilize soft dollar arrangements.

#### **Institutional Trading and Custody Services**

The custodian provides HDM with access to its institutional trading and custody services, which are typically not available to the custodian's retail investors. These services are not contingent upon HDM committing to a custodian any specific amount of business (assets in custody or trading commissions). The custodian's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

#### **Other Products and Services**

Custodian also makes available to HDM other products and services that benefit HDM but may not directly benefit its clients' accounts. Many of these products and services may be used

to service all or some substantial number of HDM's accounts, including accounts not maintained at custodian. The custodian may also make available to HDM software and other technology that

- provide access to client account data (such as trade confirmations and account statements)
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- provide research, pricing and other market data
- facilitate payment of HDM's fees from its clients' accounts
- assist with back-office functions, recordkeeping and client reporting

The custodian may also offer other services intended to help HDM manage and further develop its business enterprise. These services may include

- compliance, legal and business consulting
- publications and conferences on practice management and business succession
- access to employee benefits providers, human capital consultants and insurance providers

The custodian may also provide other benefits such as educational events or occasional business entertainment of HDM personnel. In evaluating whether to recommend that clients custody their assets at the custodian, HDM may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers, and not solely the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

#### **Independent Third Parties**

The custodian may make available, arrange, and/or pay third-party vendors for the types of services rendered to HDM. The custodian may discount or waive fees it would otherwise charge for some of these services or all or a part of the fees of a third party providing these services to HDM.

#### **Additional Compensation Received from Custodians**

HDM may participate in institutional customer programs sponsored by broker-dealers or custodians. HDM may recommend these broker-dealers or custodians to clients for custody and brokerage services. There is no direct link between HDM's participation in such programs and the investment advice it gives to its clients, although HDM receives economic benefits through its participation in the programs that are typically not available to retail investors. These benefits may include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations
- Research-related products and tools
- Consulting services

- Access to a trading desk serving HDM participants
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts)
- The ability to have advisory fees deducted directly from client accounts
- Access to an electronic communications network for client order entry and account information
- Access to mutual funds with no transaction fees and to certain institutional money managers
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to HDM by third-party vendors

The custodian may also pay for business consulting and professional services received by HDM's related persons, and may pay or reimburse expenses (including client transition expenses, travel, lodging, meals and entertainment expenses for HDM's personnel to attend conferences). Some of the products and services made available by such custodian through its institutional customer programs may benefit HDM but may not benefit its client accounts. These products or services may assist HDM in managing and administering client accounts, including accounts not maintained at the custodian as applicable. Other services made available through the programs are intended to help HDM manage and further develop its business enterprise. The benefits received by HDM or its personnel through participation in these programs do not depend on the amount of brokerage transactions directed to the broker-dealer.

HDM also participates in similar institutional advisor programs offered by other independent broker-dealers or trust companies, and its continued participation may require HDM to maintain a predetermined level of assets at such firms. In connection with its participation in such programs, HDM will typically receive benefits similar to those listed above, including research, payments for business consulting and professional services received by HDM's related persons, and reimbursement of expenses (including travel, lodging, meals and entertainment expenses for HDM's personnel to attend conferences sponsored by the broker-dealer or trust company).

As part of its fiduciary duties to clients, HDM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by HDM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence HDM's recommendation of broker-dealers for custody and brokerage services.

#### **The Firm's Interest in Custodian's Services**

The availability of these services from the custodian benefits the firm because the firm does not have to produce or purchase them. The firm does not have to pay for the custodian's services so long as a certain minimum of client assets is kept in accounts at the custodian. This minimum of client assets may give the firm an incentive to recommend that clients maintain their accounts with the custodian based on the firm's interest in receiving the custodian's services that benefit the firm's business rather than based on the client's interest in receiving

the best value in custody services and the most favorable execution of client transactions. This is a potential conflict of interest. The firm believes, however, that the selection of the custodian as custodian and broker is in the best interest of clients. It is primarily supported by the scope, quality, and price of the custodian's services and not the custodian's services that benefit only the firm.

### **Brokerage for Client Referrals**

HDM does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

### **Directed Brokerage**

#### **HDM Recommendations**

HDM typically recommends Schwab as custodian for clients' funds and securities and to execute securities transactions on its clients' behalf.

#### **Client-Directed Brokerage**

Occasionally, clients may direct HDM to use a particular broker-dealer to execute portfolio transactions for their account or request that certain types of securities not be purchased for their account. Clients who designate the use of a particular broker-dealer should be aware that they will lose any possible advantage HDM derives from aggregating transactions. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. HDM loses the ability to aggregate trades with other HDM advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

## **Aggregating Securities Transactions for Client Accounts**

### **Best Execution**

HDM may recommend that clients establish brokerage accounts with Schwab to maintain custody of clients' assets and to effect trades for their accounts. Such accounts will be prime broker eligible so that if and when the need arises to effect securities transactions at broker-dealers ("executing brokers") other than with the client's current custodian, such custodian will accept delivery or deliver the applicable security from/to the executing broker. Schwab charges a "trade away" fee which is charged against the client account for each trade away occurrence. Other custodians have their own policies concerning prime broker accounts and trade away fees. Clients are directed to consult their current custodian for their policies and fees.

HDM, pursuant to the terms of its investment advisory agreement with clients, has discretionary authority to determine which securities are to be bought and sold, and the amount of such securities. HDM recognizes that the analysis of execution quality involves a number of factors, both qualitative and quantitative. HDM will follow a process in an attempt to ensure that it is

seeking to obtain the most favorable execution under the prevailing circumstances when placing client orders. These factors include but are not limited to the following:

- The financial strength, reputation and stability of the broker
- The efficiency with which the transaction is effected
- The ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any)
- The availability of the broker to stand ready to effect transactions of varying degrees of difficulty in the future
- The efficiency of error resolution, clearance and settlement
- Block trading and positioning capabilities
- Performance measurement
- Online access to computerized data regarding customer accounts
- Availability, comprehensiveness, and frequency of brokerage and research services
- Commission rates
- The economic benefit to the client
- Related matters involved in the receipt of brokerage services

Consistent with its fiduciary responsibilities, HDM seeks to ensure that clients receive best execution with respect to clients' transactions by blocking client trades to reduce commissions and transaction costs. To the best of HDM's knowledge, these custodians provide high-quality execution, and HDM's clients do not pay higher transaction costs in return for such execution.

Commission rates and securities transaction fees charged to effect such transactions are established by the client's independent custodian and/or broker-dealer. Based upon its own knowledge of the securities industry, HDM believes that such commission rates are competitive within the securities industry. Lower commissions or better execution may be able to be achieved elsewhere.

### **Order Aggregation**

Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

To minimize performance dispersion, "strategy" trades should be aggregated and average priced. However, when a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, then the trade will only be performed for that account. This is true even if HDM believes that a larger size block trade would lead to best overall price for the security being transacted.

### **Allocation of Trades**

All allocations will be made prior to the close of business on the trade date. In the event an order is "partially filled," the allocation will be made in the best interests of all the clients in the order, taking into account all relevant factors including, but not limited to, the size of each client's allocation, clients' liquidity needs and previous allocations. In most cases, accounts will get a pro forma allocation based on the initial allocation. This policy also applies if an order is "over-filled."

HDM acts in accordance with its duty to seek best price and execution and will not continue any arrangements if HDM determines that such arrangements are no longer in the best interest of its clients.

### **Trade Errors**

From time to time, HDM may make an error in submitting a trade order on the client's behalf. When this occurs, HDM may place a correcting trade with the broker-dealer. If an investment gain results from the correcting trade, the gain will remain in client's account unless the same error involved other client account(s) that should have received the gain, it is not permissible for client to retain the gain, or HDM confers with client and client decides to forego the gain (e.g., due to tax reasons).

If the gain does not remain in client's account and Schwab is the custodian, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, HDM will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in client's account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in client's account, they may be "netted."

## **Item 13: Review of Accounts**

### **A. Schedule for Periodic Review of Client Accounts or Financial Plans and Advisory Persons Involved**

Client accounts, including accounts managed by sub-advisers, are reviewed quarterly by investment advisors of HDM. More frequent reviews may also be triggered by a change in the client's investment objectives, tax considerations, large deposits or withdrawals, large purchases or sales, loss of confidence in the underlying investment, or changes in macro-economic climate.

Financial planning clients receive their financial plans and recommendations at the time service is completed. There are no post-plan reviews unless engaged to do so by the client.

### **B. Review of Client Accounts on Non-Periodic Basis**

HDM may perform ad hoc reviews on an as-needed basis if there have been material changes in the client's investment objectives or risk tolerance, or a material change in how HDM formulates investment advice.

### **C. Content of Client-Provided Reports and Frequency**

The client's independent custodian provides account statements directly to the client no less frequently than quarterly. The custodian's statement is the official record of the client's securities account and supersedes any statements or reports created on behalf of the client by HDM.

## **Item 14: Client Referrals and Other Compensation**

### **A. Economic Benefits Provided to the Advisory Firm from External Sources and Conflicts of Interest**

Please refer to the disclosures in Items 10 and 12 regarding referrals to third-party service providers and benefits the firm receives from its custodian(s). HDM may receive economic benefits for referring clients to third-party service providers. You are under no obligation to utilize any service provider recommended to you by HDM or its affiliates.

### **B. Advisory Firm Payments for Client Referrals**

HDM does not pay for client referrals.

## Item 15: Custody

HDM is considered to have custody of client assets for purposes of the Advisers Act for the following reasons:

- The client authorizes us to instruct their custodian to deduct our advisory fees directly from the client's account. The custodian maintains actual custody of clients' assets.
- Our authority to direct client requests, utilizing standing instructions, for wire transfer of funds for first-party money movement and third-party money movement (checks and/or journals, ACH, Fed-wires). The firm has elected to meet the SEC's seven conditions to avoid the surprise custody exam, as outlined below:
  1. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
  2. The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
  3. The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
  4. The client has the ability to terminate or change the instruction to the client's qualified custodian.
  5. The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
  6. The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
  7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Individual advisory clients will receive at least quarterly account statements directly from their custodian containing a description of all activity, cash balances, and portfolio holdings in their accounts. Clients are urged to compare the account balance(s) shown on their account statements to the quarter-end balance(s) on their custodian's monthly statement. The custodian's statement is the official record of the account.

## Item 16: Investment Discretion

Clients may grant a limited power of attorney to HDM with respect to trading activity in their accounts by signing the appropriate custodian limited power of attorney form. In those cases, HDM will exercise full discretion as to the nature and type of securities to be purchased and sold, the amount of securities for such transactions, the executing broker to be used, and the amount of commissions to be paid. Investment limitations may be designated by the client as outlined in the investment advisory agreement. In addition, subject to the terms of its investment advisory agreement, HDM may be granted discretionary authority for the retention of independent third-party investment management firms. Investment limitations may be designated by the client as outlined in the investment advisory agreement. Please see the applicable third-party manager's disclosure brochure for detailed information relating to discretionary authority.

## Item 17: Voting Client Securities

HDM does not take discretion with respect to voting proxies on behalf of its clients. HDM will endeavor to make recommendations to clients on voting proxies regarding shareholder vote, consent, election or similar actions solicited by, or with respect to, issuers of securities beneficially held as part of HDM supervised and/or managed assets. In no event will HDM take discretion with respect to voting proxies on behalf of its clients.

Except as required by applicable law, HDM will not be obligated to render advice or take any action on behalf of clients with respect to assets presently or formerly held in their accounts that become the subject of any legal proceedings, including bankruptcies.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. HDM has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. HDM also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, HDM has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where HDM receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials to the client. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

## **Item 18: Financial Information**

### **A. Balance Sheet**

HDM does not require the prepayment of fees \$1,200 or more, six months or more in advance, and as such is not required to file a balance sheet.

### **B. Financial Conditions Reasonably Likely to Impair Advisory Firm's Ability to Meet Commitments to Clients**

HDM does not have any financial issues that would impair its ability to provide services to clients.

### **C. Bankruptcy Petitions During the Past Ten Years**

There is nothing to report on this item.