

# Disclosure Brochure

March 29, 2022



HALBERT HARGROVE

This brochure provides information about the qualifications and business practices of Halbert Hargrove Global Advisors, LLC (hereinafter "HH"). If you have any questions about the contents of this brochure, please contact John C. Abusaid at (562) 435-5657. 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 Halbert Hargrove Global Advisors, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Halbert Hargrove Global Advisors, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

111 W. Ocean Boulevard, Suite 2300, Long Beach, CA 90802 | (562) 435-5657  
[www.halberthargrove.com](http://www.halberthargrove.com)

## Item 2. Material Changes

In this Item, HH is required to discuss any material changes that have been made to the brochure since the last annual amendment dated March 30, 2021. The Firm has updated the following sections:

- **Socially Responsible Investing (“SRI”):** The Firm updated Item 8 to describe the investment strategy and risks of an SRI strategy that can be employed by the Firm.
- **Digital Assets:** The Firm updated Item 8 to describe the investment strategy and risks of investing in Digital Assets. The Firm’s does not advise on Digital Assets. The opportunity provided is offered as a courtesy to existing clients, in a strictly facilitative manner. HH will not consider the assets to be managed, nor will the Firm provide guidance regarding when to buy or sell any such investment.
- **Retirement Assets:** The Firm updated Item 4 regarding recommendations for clients rolling over assets from a retirement plan or IRA.
- **Billing on Cash:** The Firm updated Item 5 to disclose that it includes cash in a clients account in determining the valuation for billing purposes.

## Item 3. Table of Contents

Item 1.	Cover Page .....	i
Item 2.	Material Changes .....	ii
Item 3.	Table of Contents .....	iii
Item 4.	Advisory Business .....	4
Item 5.	Fees and Compensation .....	8
Item 6.	Performance-Based Fees and Side-by-Side Management .....	10
Item 7.	Types of Clients.....	11
Item 8.	Methods of Analysis, Investment Strategies and Risk of Loss .....	11
Item 9.	Disciplinary Information.....	17
Item 10.	Other Financial Industry Activities and Affiliations .....	17
Item 11.	Code of Ethics .....	18
Item 12.	Brokerage Practices .....	18
Item 13.	Review of Accounts.....	22
Item 14.	Client Referrals and Other Compensation .....	23
Item 15.	Custody .....	25
Item 16.	Investment Discretion.....	26
Item 17.	Voting Client Securities .....	26
Item 18.	Financial Information .....	27

## Item 4. Advisory Business

HH provides investment management, wealth advisory, financial planning, and consulting services. Prior to engaging HH to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with HH setting forth the terms and conditions under which HH renders its services (collectively the “*Agreement*”).

HH has been in business as an SEC registered investment adviser since October 13, 1988. Halbert Hargrove Holdings, LLC, is the principal owner of HH.

HH has \$3,030,982,898 of assets under management as of December 31, 2021. \$2,851,845,996 of these assets are managed on a discretionary basis and \$179,136,902 are managed on a non-discretionary basis. This Disclosure Brochure describes the business of HH. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of HH’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on HH’s behalf and is subject to HH’s supervision or control.

### **Wealth Advisory and Financial Planning Services**

---

HH can be engaged to provide its clients with a broad range of wealth advisory and financial planning services. A primary focus of HH is providing wealth advisory and financial planning services to individuals and families. Advice is rendered in the areas of cash flow and debt management, risk management, college funding, retirement planning, estate planning, investment tax planning, asset allocation, investment selection, intergenerational wealth planning and charitable gifting.

In performing its services, HH is not required to verify any information received from the client or from the client’s other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. HH can recommend the services of itself, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if HH recommends its own services. Clients are advised that it remains their responsibility to promptly notify HH if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising HH’s previous recommendations and/or services.

### **Consulting Services**

---

HH also provides consulting services on a non-discretionary basis for clients. HH’s consulting team specializes in manager and broad market research, due diligence, asset allocation and portfolio monitoring, analysis, and reporting.

The client is under no obligation to act upon any of the recommendations made by HH under a separate consulting engagement or to engage the services of any such recommended professional, including HH

itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of HH's recommendations.

## **Investment Management Services**

---

Clients can engage HH to manage all or a portion of their assets on a discretionary basis. Wealth advisory services are typically provided as a bundled service for discretionary accounts. Non-discretionary accounts may be considered.

HH primarily allocates clients' investment management assets among *Independent Managers* (as defined below), mutual funds (including closed-end funds such as interval funds), exchange-traded funds ("ETFs"), structured products, and individual debt and equity securities in accordance with the investment objectives of the client. In addition, HH may recommend that certain clients who are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended, or "qualified purchasers" as defined under the Investment Company Act of 1940, as amended, invest in private placement securities, which includes debt, equity, and/or pooled investment vehicles when consistent with the clients' investment objectives. HH may recommend to clients a socially responsible investing solution that integrates multiple strategies to balance risk, return, and positive social impact when consistent with the client's investment objectives. HH also provides advice to certain clients about other investments held in clients' portfolios, but clients should not assume that these assets are being continuously monitored or otherwise advised on by the Firm unless specifically agreed upon.

HH also renders non-discretionary investment management services to clients relative to variable life/annuity products that they own, their individual employer-sponsored retirement plans, or other products that are not held by the client's primary custodian. In so doing, HH either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

HH tailors its advisory services to the individual needs of clients. HH consults with clients initially and on an ongoing basis to develop an investment policy statement based on the client's needs, risk tolerance, time horizon and other factors. HH attempts to match clients' investments with their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify HH if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon HH's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in HH's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

## Use of Independent Managers

---

As mentioned above, HH generally recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers (“*Independent Managers*”), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the *Independent Managers* are set forth in a separate written agreement between HH or the client and the designated *Independent Managers*. HH renders services to the client relative to the discretionary recommendation or selection of *Independent Managers*. HH also monitors and reviews the account performance and the client’s investment objectives. HH receives an annual advisory fee from the client which is based upon a percentage of the market value of the assets being managed by the designated *Independent Managers*.

When selecting an *Independent Manager* for a client, HH reviews information about the *Independent Manager* such as its disclosure brochure and/or material supplied by the *Independent Manager* or independent third parties for a description of the *Independent Manager’s* investment strategies, past performance and risk results to the extent available. Factors that HH considers in recommending an *Independent Manager* include the client’s stated investment objectives, the manager’s management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated *Independent Managers*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client’s assets, may be exclusive of, and in addition to, HH’s investment advisory fee set forth below. As discussed above, the client will incur additional fees to those charged by HH, the designated *Independent Managers*, and corresponding broker-dealer and custodian.

In addition to HH’s written disclosure brochure, the written disclosure brochure of the designated *Independent Managers*, or current prospectus in the case of mutual funds and certain other investment products, is available. Certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than HH. In such instances, HH may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

## Retirement Asset Disclosures

---

The following discussion is limited to the Firm’s services to retirement assets subject to ERISA or the Internal Revenue Code.

### *Fiduciary Acknowledgment*

When HH provides investment advice to clients regarding their retirement plan account or individual retirement account, HH is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way HH makes money creates some conflicts with client interests, so HH operates under a special rule that requires it to act in the client’s best interest and not put HH’s interest ahead of the clients.

Under this special rule's provisions, HH must:

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

### *Conflict of Interest: Rollover Recommendation*

As discussed in this Disclosure Brochure and HH's Relationship Summary, the way HH makes money creates some conflicts with client interests. A conflict of interest exists when HH recommends its own services. Additionally, HH's financial professionals are compensated based on revenue the Firm earns from the financial professional's advisory services or recommendations, which creates a conflict of interest. The compensation results in an incentive to take steps to maximize revenue to the Firm by increasing the size of the client's account and/or relationship with HH. Therefore, a Rollover Recommendation creates a conflict of interest by recommending HH's own services and increasing the size of the client's account and/or relationship with HH. A Rollover Recommendation includes the following: (i) rollover from plan-to-IRA, (ii) transfer of an IRA from another financial institution, (iii) rollover from a plan-to-plan, and (iv) rollover from an IRA-to-plan.

### *Development of Rollover Recommendation from plan-to-IRA*

In order to develop a recommendation that is in the client's best interest, HH needs to consider information about the client's plan's investments, services and expenses. As a result, it is important that client provides HH with actual information about the plan and account. The easiest way to do that is for the client to give HH copies of the plan's 404a-5 investment disclosures and of a recent quarterly statement about the account. (The plan gives clients a "404a-5 disclosure" every year and a copy is available from the client's employer and the plan's website. It is also called by a number of other names, for example, Investment Comparative Chart, and it is a description of the plan's investment options and their expenses, and other information.) If client does not give HH that information, the Firm will need to use estimates or other information that may not be accurate and that could, as a result, cause HH to make a recommendation that may not properly represent that actual facts or preferred outcome. So, it is in client's interest to make sure that HH has the actual plan information.

However, if client does not provide the information, HH will use alternative sources, such as benchmarking data for plans of a similar type and size or plan reports (such as Forms 5500) that may be from several years ago. In evaluating possible sources of alternative data, HH has considered the reliability of the data provider and its processes, and believes that the information that the Firm will use will be accurate based on, e.g., robust information about plans of the size and type of client's plan. While HH expects that it will be accurately representative of client's plan's features, there can and will be differences which could affect the Firm's recommendation.

## **Item 5. Fees and Compensation**

HH offers its services for a fee based upon assets under management. In certain circumstances HH offers its services for fixed fees as well.

### **Wealth Advisory and Financial Planning Fees**

---

HH may or may not charge a fixed fee for wealth advisory and/or financial planning services. These fees are negotiable on a fixed fee basis depending upon the level and scope of the services and the professional rendering the financial planning and/or the wealth advisory services. If the client engages HH for additional investment advisory services, HH may offset all or a portion of its fees for those services based upon the amount paid for the wealth advisory and/or, financial planning services.

Prior to engaging HH to provide wealth advisory and/or, financial planning services, the client is required to enter into a written agreement with HH setting forth the terms and conditions of the engagement. Generally, HH requires one-half of the wealth advisory and/or, financial planning fee (estimated) payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

### **Consulting Services Fees**

---

HH may or may not charge a fixed fee for consulting services. These fees are negotiable on a fixed fee basis depending upon the level and scope of the services and the professional rendering the consulting services. If the client engages HH for additional investment advisory services, HH may offset all or a portion of its fees for those services based upon the amount paid for the consulting services.

Prior to engaging HH to provide consulting services, the client is required to enter into a written agreement with HH setting forth the terms and conditions of the engagement. Generally, HH requires consulting fees be paid quarterly in advance for the duration of the agreement.

## Investment Management Fee

---

HH provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by HH. HH's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. HH does not, however, receive any portion of these commissions, fees, and costs. HH's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by HH on the last day of the previous quarter. The annual fee varies depending upon the market value of the assets under management, as follows:

<u>PORTFOLIO VALUE</u>	<u>ANNUAL FEE</u>
First \$5,000,000	1.00%
Next \$3,000,000	0.75%
Above \$8,000,000	0.50%

The Firm includes cash in a clients account in determining the valuation for billing purposes. The Firm may, in its sole discretion, not include cash in determining the fee, especially where a client has a high percentage of cash for reasons other than the Firm's investment management decision. HH, in its sole discretion, may negotiate to charge a lesser minimum management fee 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, pre-existing client, account retention, etc.).

## Fees Charged by Financial Institutions

---

As further discussed in response to Item 12 (below), HH always recommends that clients utilize an independent custodian. HH generally recommends the brokerage and clearing services of Fidelity Institutional Wealth Services ("*Fidelity*") and Charles Schwab & Co., Inc. through its Schwab Advisor Services division ("*Schwab*") for investment management accounts.

HH may only implement its investment management recommendations after the client has arranged for and furnished HH with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Fidelity*, *Schwab*, or any other broker-dealer recommended by HH, any broker-dealer to which trades are directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients will incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Independent Managers* (as defined below), custodial fees, charges imposed directly by a mutual fund, ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, platform fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients incur brokerage

commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to HH's fee.

HH's *Agreement* and the separate agreement with any *Financial Institutions* authorize HH or *Independent Managers* to debit the client's account for the amount of HH's fee and to directly remit that management fee to HH or the *Independent Managers*. Any *Financial Institutions* recommended by HH have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to HH. Alternatively, clients may elect to have HH send an invoice for payment.

## **Fees for Management During Partial Quarters of Service**

---

For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between HH and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. HH's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to HH's right to terminate an account. Additions may be in cash or securities provided that HH reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to HH, subject to the usual and customary securities settlement procedures. However, HH designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. HH may consult with its clients about the options and ramifications of transferring securities. Clients may also be advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a quarter that exceed five percent (5%) of the total value of all managed accounts on the day withdrawal or deposit is made, the fee payable with respect to such assets will be prorated based on the number of days remaining in the quarter.

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

HH does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7. Types of Clients

HH provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

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

### Methods of Analysis

---

HH's Investment Committee evaluates potential investments using qualitative and quantitative research. Qualitative evaluations are judgments about organizational and investment process characteristics such as leadership, experience, adherence to philosophy, integrity, and information management. Quantitative research involves analyzing portfolio characteristics and performance, which includes risks taken, stability of return, source of relative performance and the effect of costs and portfolio turnover. HH utilizes published sources, consulting and business relationships, and internal research to make evaluations.

### Investment Strategies

---

#### *Philosophy*

HH believes in "Investing to integrate your money and your life®." Portfolio construction starts with understanding client needs, client ability to bear risk, and client-expressed risk tolerance.

When providing services to its clients, HH first conducts initial client interviews and gathers data to assist the client in determining specific needs, goals, objectives, and tolerance for risk. HH considers a long-term engagement to include multiple meetings delivering services on the topics of "3 Dimensions of Risk", Goal Agreements, and financial planning as needed by the client.

Periodic financial check-ups are recommended and financial planning services are initiated by HH through a proprietary tool called "The Client Roadmap System." This tool graphically guides a client relationship through the planning process with an emphasis on the activities and decisions of greater financial importance and impact to specific client situations.

Financial markets have historically rewarded investors willing to accept higher levels of volatility; however, patterns of return and relative performance may not hold in the short term. HH believes long-term strategic investors are more likely to benefit from exposure to market volatility, because they are likely to be invested in the markets at all times in appropriate balance with their risk tolerance and goals.

#### *Investment Process*

HH investigates the nature of returns, risks, diversification prospects and tax implications for every major asset type and investing technique we include in portfolios. Portfolios are built on HH's belief in maximum

diversification; all investment styles will periodically underperform. HH's disciplined approach is designed to avoid short-term reactions that can cost investors real wealth.

HH utilizes actively managed funds, passive (index) funds, ETFs, interval funds, structured products such as notes with options-based payoffs, and separately managed accounts to implement investment allocations.

All investment decisions are vetted through HH's Investment Committee. Each member has a predefined role and meetings are held at least monthly, but may also be held "as needed", to review investment positions and discuss new opportunities. The Investment Committee is augmented by several independent consulting relationships with experienced investment professionals. Before the Investment Committee begins the investment selection process it first determines if there is a need for certain investments in client portfolios. A general framework for analyzing the inclusion of a new asset class or investment strategy may take many forms; however, HH begins with three major sets of issues, each broken down into specific types of inquiries, referred to as "A, B, C."

*A. Analytical relevance and importance:*

- A general statement of the issues involved, generally including some discussion of pros and cons, academic research, and background information on industry positions relating to products generally as well as those specifically identified;
- A discussion of applications such as what types of accounts are suitable (taxable, non-taxable, time horizon, risk / liquidity tolerance, etc.), as well as characterization of the issues in terms of tactical vs. strategic nature
- Implementation issues, i.e. are there multiple ways of achieving the same ends? What are the pros and cons of each?

*B. Behavioral issues:*

- What particular types of behavioral issues are likely to be most important and effect successful implementation of a particular approach or strategy?
- How does a proposed solution address these issues?
- What informational or perceptual issues are most likely to impact investors regarding the proposed strategy or approach, and how does the specific implementation respond to those issues?

*C. Consistency issues:*

- Is the proposed approach or strategy consistent with the firm's investment philosophy?
- Does it cause a re-thinking or broadening of the philosophy or is it simply performance chasing or response to popular demand?

- What are the foreseeable implementation issues?
- Can the proposed benefits really accrue to clients, or is the idea really “marketing”?
- From a cost/benefit standpoint, do clients benefit enough to justify additional firm or client-specific implementation costs?

If a position is justified and clears HH’s A, B, C process, the Investment Committee will then search for manager(s) and investment vehicle(s) that best fit client needs. HH utilizes several consulting relationships to help the Investment Committee identify well-researched investment managers and investment vehicles that are understandable, disciplined, risk controlled and that have been successful over time.

As stated under *Methods of Analysis*, HH’s Investment Committee evaluates potential investments using qualitative and quantitative research. Qualitative evaluations are judgments about organizational and investment process characteristics such as leadership, experience, adherence to philosophy, integrity, and information management. Quantitative research involves analyzing portfolio characteristics and performance, which includes risks taken, stability of return, sources of relative performance and the effect of costs and portfolio turnover. HH utilizes published sources, consulting and business relationships, and internal research to make evaluations.

HH tests its allocation models mathematically and logically to confirm that expected risk and return changes are consistent and reasonable. Before adding or removing asset classes or shifting weights, HH analyzes correlations among the different asset classes to determine how to reduce risk where possible, and to identify additional sources of potential return.

Assets that are included in client portfolios are tracked individually versus appropriate benchmarks. The Investment Committee considers various factors before deciding to terminate a position and change vehicles. These decisions are well documented along with supporting information and reflected in formal committee meeting minutes.

### *Socially Responsible Investing*

HH also has a Socially Responsible Investing (SRI) solution that integrates multiple strategies to balance risk, return, and positive social impact in client portfolios. The portfolio will rely on objective industry research into the attributes that matter to socially conscious investors. There are risks involved in SRI as further discussed below.

### *Digital Assets Solution*

HH recognizes there is rising demand for access to digital assets, specifically digital currency or cryptocurrency (e.g., bitcoin, ether, etc.). Digital assets (including cryptocurrency) are a digital representation of value based on (or built on top of) a cryptographic protocol of a computer network. In

furtherance of that demand, HH has engaged in relationships with third-party providers to offer clients the ability to invest in digital assets. HH does not provide investment advice regarding digital assets. The opportunity provided is offered as a courtesy to existing clients, in a strictly facilitative manner. HH will not consider the assets to be managed, nor will we provide guidance regarding when to buy or sell any such investment. Those decisions will remain solely with the client. The Firm can, however, discuss the appropriateness of including Digital Assets in the client's portfolio with the client. Please see additional information about some risks of investment in digital assets.

### **Risks of Loss**

---

#### *Mutual Funds and Exchange Traded Funds (ETFs)*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist.

#### *Interval Funds*

HH may recommend the investment by certain clients in interval funds. An interval fund is a type of closed-end fund with shares that are redeemed when the fund periodically offers to repurchase a percentage of outstanding shares at NAV. The rules for interval funds, along with the types of assets held, make this investment largely illiquid compared with (open-end) mutual funds and ETFs. Offers to repurchase shares may be oversubscribed, with the result that shareholders may only be able to have a portion of their shares repurchased. There is no guarantee that an investor will be able to redeem shares

on a given repurchase date or in the desired amount. In addition, to the extent an interval fund invests in companies with smaller market capitalizations, derivatives, or securities that entail significant market or credit risk, the liquidity risk may be greater. Clients should refer to the fund's prospectus for details.

### *Market Risks*

The profitability of a significant portion of HH's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that HH will be able to predict those price movements accurately.

### *Use of Independent Managers*

HH may recommend the use of *Independent Managers* for certain clients. HH will continue to do ongoing due diligence of such managers, but such recommendations relies, to a great extent, on the *Independent Managers'* ability to successfully implement their investment strategy. In addition, HH does not have the ability to supervise the *Independent Managers* on a day-to-day basis other than as previously described in response to Item 4, above.

### *Use of Private Collective Investment Vehicles*

HH may recommend the investment by certain clients in privately placed collective investment vehicles (some of which may be typically called "hedge funds"). The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

### *Management Through Similarly Managed Accounts*

For certain clients, HH may manage portfolios by allocating portfolio assets among various securities on a discretionary basis using one or more of its proprietary investment strategies (collectively referred to as "*investment strategy*"). In so doing, HH buys, sells, exchanges and/or transfers securities based upon the *investment strategy*.

HH's management using the *investment strategy* complies with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly managed accounts, such as the *investment strategy*, with a safe harbor from the definition of an investment company.

Securities in the *investment strategy* are usually exchanged and/or transferred with regard to a client's individual tax consequences. As further discussed in response to Item 12B (below), HH allocates investment opportunities among its clients on a fair and equitable basis.

## *SRI Investing Risks*

In addition to standard investment risks, a Socially Responsible Investing (“SRI”) strategy can limit the types and number of investment opportunities available and, as a result, the strategy may underperform others that do not follow an SRI strategy. An SRI strategy may result in investing in securities or industry sectors that underperform the market as a whole or underperform other investments screened for SRI standards. In addition, an SRI strategy may result in underweighting or overweighting sectors, style factors or security concentration risk. The Firm’s SRI investing approach involves relying on unaffiliated advisers to conduct or support the underlying SRI analysis. SRI analysis will only be one factor in determining the investments in the SRI strategy. The Firm can still use other long-standing strategies that may seem inconsistent with an SRI strategy where the Firm determines it is in the client’s best interest.

## *Digital Assets*

Investing in digital assets comes with significant risk of loss (including complete loss) that clients should be prepared to bear, including, but not limited to, volatile market price swings or flash crashes, market manipulation, economic, regulatory, technical, and cybersecurity risks. In addition, digital currency markets and exchanges are not regulated with the same controls or customer protections available when investing in traditional asset classes. A highlight of some, but not all, of the risks associate with digital currency is immediately below:

- Volatility Risk: Digital currency is a speculative and volatile investment asset. Investors should be prepared for volatile market swings and prolonged bear markets. Digital currency can have higher volatility than other traditional investments such as stocks and bonds and market movements can be difficult to predict.
- Economic Risk: The economic risk associated with digital currency includes the lack of widespread or continuing digital currency adoption. The market and investors could decide that digital currency should not be valued at the current market capitalization due to a variety of factors.
- Regulatory Risk: Digital currency could be banned or highly regulated by governments that would deter investors from buying or holding digital currency.
- Technical Risk: Digital currency is a dynamic network with a codebase that is updated to add new security and functionality features. The updated code that is merged by the core developers could potentially have an error that threatens the security or functionality of the digital currency network.
- Cybersecurity Risk: Digital currency exchanges and wallets have been hacked and digital currency has been stolen in the past. This is a potential risk that clients must be comfortable with when investing and holding digital currency. Theft is less likely, but still possible, when

holding digital currency at a qualified custodian in offline systems (cold storage) with institutional security and controls.

## *General Risk of Loss*

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

## **Item 9. Disciplinary Information**

HH is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. HH does not have any required disclosures to this Item.

## **Item 10. Other Financial Industry Activities and Affiliations**

HH is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. HH has described such relationships and arrangements below.

### **Referrals to Related Certified Public Accountants**

---

HH does not render accounting services to clients. In the event a client requires accounting services, the firm can recommend a certified public accountant. At times, the firm will recommend the services of the certified public accounting firm of Hooper, Langley & Associates. These services are rendered independent of HH and pursuant to a separate agreement between the client and the accounting firm. HH does not receive any portion of the fees paid by the client to Hooper, Langley & Associates, and does not receive a referral fee in connection with the accounting services that Hooper, Langley & Associates renders to its clients. However, two of HH's *Supervised Persons*, E. William Langley and Ross A. Langley are also associated with Hooper, Langley & Associates. There exists a conflict of interest to the extent that the firm recommends the accounting services of Hooper, Langley & Associates and these *Supervised Persons* receive compensation, by virtue of their positions with Hooper, Langley & Associates.

These *Supervised Persons* may also recommend HH's services to certain of Hooper, Langley & Associates' clients. Although Hooper, Langley & Associates does not receive referral fees from the firm, these *Supervised Persons* receive compensation in connection with their investment advisory activities on behalf of HH. A conflict of interest exists to the extent that they recommend the services of the firm and receive compensation, by virtue of their positions as investment adviser representatives of HH.

## Item 11. Code of Ethics

HH and persons associated with HH (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with HH’s policies and procedures.

HH has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“*Code of Ethics*”). In accordance with Section 204A of the Investment Advisers Act of 1940 (the “Advisers Act”), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by HH or any of its associated persons. The *Code of Ethics* also requires that certain of HH’s personnel (called “*Access Persons*”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in HH’s *Code of Ethics*, none of HH’s *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of HH’s clients.

When HH is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when HH is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds; and (v) structured products.

Clients and prospective clients may contact HH to request a copy of its *Code of Ethics*.

## Item 12. Brokerage Practices

As discussed above, in Item 5, HH generally recommends that clients utilize the brokerage and clearing services of *Fidelity* and *Schwab*.

Factors which HH considers in recommending *Fidelity*, *Schwab*, or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Fidelity*

and *Schwab* enable HH to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Fidelity* or *Schwab* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by HH's clients comply with HH's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where HH determines that the commissions are reasonable in relation to the value of the brokerage and research services received. 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 *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. HH seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other broker-dealers with whom the firm and its custodians have entered into agreements for prime brokerage clearing services. Should an account make use of prime brokerage, the Client may be required to sign an additional agreement, and additional fees are likely to be charged.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker/dealers in return for investment research products and/or services which assist *HH* in its investment decision-making process. Such research generally will be used to service all of the firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because *HH* does not have to produce or pay for the products or services.

*HH* periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct HH in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and HH will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by HH (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, HH may decline a client's request to direct brokerage if, in HH's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless HH decides to purchase or sell the same securities for several clients at approximately the same time. HH may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission

rates, or to allocate equitably among HH'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 generally be averaged as to price and allocated among HH's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that HH determines to aggregate client orders for the purchase or sale of securities, including securities in which HH's *Supervised Persons* may invest, HH generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. HH does not receive any additional compensation or remuneration as a result of the aggregation. In the event that HH determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, HH may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

HH has entered into an agreement with a third party providing HH with the ability to manage client assets that cannot be held with the *Financial Institutions* HH primarily recommends. This third party charges a platform fee for assets custodied on its platform.

### **Software and Support Provided by Financial Institutions**

---

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist HH in its investment decision-making process. Such research generally will be used to service all of HH's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because HH does not have to produce or pay for the products or services.

HH receives from *Fidelity* and *Schwab*, without cost to HH, computer software and related systems support, which allow HH to better monitor client accounts maintained at each respective *Financial Institution*. HH receives the software and related support without cost because HH renders investment

management services to clients that maintain assets at *Fidelity* and *Schwab*. The software and support is not provided in connection with securities transactions of clients (i.e. not “soft dollars”). The software and related systems support may benefit HH, but not its clients directly. In fulfilling its duties to its clients, HH endeavors at all times to put the interests of its clients first. Clients should be aware, however, that HH’s receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence HH’s choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services, although most major broker-dealers do have similar capabilities and would provide similar economic benefits.

Additionally, HH receives the following benefits from *Fidelity* through the Fidelity Institutional Wealth Services Group: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Institutional Wealth Services Group participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information. HH receives similar benefits from *Schwab* and certain other *Financial Institutions*.

HH also receives airfare and other expenses associated with attending industry conferences. HH receives these benefits from *Financial Institutions* and product providers (such as mutual fund sponsors). This presents a conflict of interest for HH to recommend investments in these products. However, HH reviews each investment based on the client’s best interest and not based on economic benefits that it receives; which, in any event, are not material.

These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a certain amount of the advisor’s clients’ assets are maintained in accounts at *Financial Institutions*. *Financial Institutions’* services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, 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.

For client accounts maintained in its custody, *Financial Institutions* generally do not charge separately for custody services but are compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through *Financial Institutions* or that settle into *Financial Institutions* accounts.

*Financial Institutions* also make available to the Firm other products and services that benefit the Firm but may not benefit its clients’ accounts. These benefits may include national, regional or Firm specific educational events organized and/or sponsored by *Financial Institutions*. Other potential benefits may include occasional business entertainment of personnel of HH by *Financial Institutions* personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist HH in managing and administering clients’ accounts. These include software and other

technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of the Firm's accounts, including accounts not maintained at *Financial Institutions*. *Financial Institutions* also make available to HH other services intended to help the Firm manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, *Financial Institutions* may make available, arrange and/or pay vendors for these types of services rendered to the Firm by independent third parties. *Financial Institutions* may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the Firm. While, as a fiduciary, HH endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at *Financial Institutions* may be based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by *Financial Institutions*, which creates a potential conflict of interest.

### **Item 13. Review of Accounts**

For those clients to whom HH provides investment management services, HH monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom HH provides only Wealth Advisory and Financial Planning services and/or Consulting Services, as described in Item 4 above, reviews are conducted on an "as needed" basis. Such reviews are conducted by a Wealth Advisor or Regional/Managing Director. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with HH and to keep HH informed of any changes thereto. HH contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Discretionary management clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom HH provides investment advisory services will also receive a report from HH that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a quarterly basis. Clients should compare the account statements they receive from their custodian with those they receive from HH.

Those clients to whom HH provides financial planning and/or consulting services under a separate agreement will receive reports from HH summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by HH.

## Item 14. Client Referrals and Other Compensation

HH is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, HH is required to disclose any direct or indirect compensation that it provides for client referrals.

### General Solicitors

---

If in the event a client is introduced to HH by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with the Investment Advisers Act rules on solicitation. Unless otherwise disclosed, any such referral fee is paid solely from HH's investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the client will receive a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of HH is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

### Fidelity Wealth Advisor Solutions Program

---

HH has entered into an agreement with *Fidelity* to participate in the Fidelity Wealth Advisor Solutions<sup>®</sup> Program (the "WAS Program"), through which HH may receive referrals from Fidelity Personal and Workplace Advisors LLC ("FPWA"), a registered investment adviser and subsidiary of FMR LLC ("FMR"), the parent company of Fidelity Investments. HH is independent and not affiliated with FPWA or FMR LLC. FPWA does not supervise or control HH, and FPWA has no responsibility or oversight for HH's provision of investment management or other advisory services.

Under the WAS Program, FPWA acts as a solicitor for HH, and HH pays referral fees to FPWA for each referral received based on the firm's assets under management attributable to each client referred by FPWA or members of each client's household. The WAS Program is designed to help investors find an independent investment adviser, and any referral from FPWA to HH does not constitute a recommendation or endorsement by FPWA of HH's particular investment management services or strategies. Under this arrangement, FPWA will receive up to 0.25% annually from the fees paid to HH on the referred assets under management. These referral fees are paid by HH and not the client.

To receive referrals from the WAS Program, HH must meet certain minimum participation criteria, but HH may have been selected for participation in the WAS Program as a result of its other business

relationships with FPWA and its affiliates, including Fidelity Brokerage Services, LLC (“FBS”). HH has procedures in place to address any conflicts of interest inherent to this type of arrangement, as the firm seeks to ensure that any client-related recommendations or decisions remain objective and aligned with its clients’ best interests. Nonetheless, as a result of its participation in the WAS Program, HH has a conflict of interest with respect to its decision to use certain affiliates of FPWA, including FBS, for execution, custody and clearing for certain client accounts, and HH has an incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to HH as part of the WAS Program. Under an agreement with FPWA, the firm has agreed that it will not charge clients more than the standard range of advisory fees disclosed in its Form ADV 2A Brochure to cover solicitation fees paid to FPWA as part of the WAS Program. Pursuant to these arrangements, HH has agreed not to solicit clients to transfer their brokerage accounts from affiliates of FPWA or establish brokerage accounts at other custodians for referred clients other than when HH’s fiduciary duties would so require, and HH has agreed to pay FPWA a one-time fee equal to 0.75% of the assets in a client account that is transferred from FPWA’s affiliates to another custodian; therefore, HH has an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of FPWA. However, participation in the WAS Program does not limit HH’s duty to select brokers on the basis of best execution. HH currently uses multiple *Financial Institutions* and expects to continue to do so.

### **Schwab Advisor Network**

---

HH receives client referrals from Schwab through its participation in Schwab Advisor Network® (“the Service”). The Service is designed to help investors find an independent investment adviser. Schwab is a broker-dealer independent of and unaffiliated with HH. Schwab does not supervise HH and has no responsibility for the Firm’s management of clients’ portfolios or the firm’s other advice or services. HH pays Schwab fees to receive client referrals through the Service. The Firm’s participation in the Service raises the conflicts of interest described below.

HH pays Schwab a Participation Fee on all referred clients’ accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by HH is a percentage of the fees the client owes to HH or a percentage of the value of the assets in the client’s account, subject to a minimum Participation Fee. The Firm pays Schwab the Participation Fee for so long as the referred client’s account remains in custody at Schwab. The Participation Fee is billed to the Firm quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by HH and not by the client. HH will not charge clients referred through the Service fees or costs greater than the fees or costs HH charges clients with similar portfolios who were not referred through the Service.

The Firm generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client’s account is not maintained by, or assets in the account are transferred from Schwab. This fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other

than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Advisor generally would pay in a single year. Thus, HH will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of HH's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, the Firm will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit HH's fees directly from the accounts.

For accounts of HH's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from the Firm's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, HH has an incentive to cause trades to be executed through Schwab rather than another broker-dealer. The Firm nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for HH's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

### **Other Economic Benefit**

---

HH receives economic benefits from *Financial Institutions*. The benefits, conflicts of interest and how they are addressed are discussed above in response to Item 12.

## **Item 15. Custody**

HH's *Agreement* and/or the separate agreement with any *Financial Institution* authorize HH through such *Financial Institution* to debit the client's account for the amount of HH's fee and to directly remit that management fee to HH in accordance with applicable custody rules.

The *Financial Institutions* recommended by HH have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to HH. In addition, as discussed in Item 13, HH also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from HH.

## Standing Letters of Authorization

---

HH also has custody due to clients giving the Firm limited power of attorney in a standing letter of authorization (“SLOA”) to disburse funds to one or more third parties as specifically designated by the client. In such circumstances, the Firm will implement the steps in the SEC’s no-action letter on February 21, 2017 which includes (in summary): i) client will provide instruction for the SLOA to the custodian; ii) client will authorize the Firm to direct transfers to the specific third party; iii) the custodian will perform appropriate verification of the instruction and provide a transfer of funds notice to the client promptly after each transfer; iv) the client will have the ability to terminate or change the instruction; v) the Firm will have no authority or ability to designate or change the identity or any information about the third party; vi) the Firm will keep records showing that the third party is not a related party of the Firm or located at the same address as the Firm; and vii) the custodian will send the client an initial and annual notice confirming the SLOA instructions.

## Item 16. Investment Discretion

HH is given the authority to exercise discretion on behalf of clients. HH is considered to exercise investment discretion over a client’s account if it can effect transactions for the client without first having to seek the client’s consent. HH is given this authority through a power-of-attorney included in the agreement between HH and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). HH takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The *Independent Managers* to be hired or fired.

## Item 17. Voting Client Securities

HH may vote client securities (proxies) on behalf of its clients. When HH accepts such responsibility, it will only cast proxy votes in a manner consistent with what it reasonably believes to be the best interests of its clients. Absent special circumstances, which are fully- described in HH’s Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in HH’s Proxy Voting Policies and Procedures, as they may be amended from time-to-time. Clients may contact HH to request information about how HH voted proxies for that client’s securities or to get a copy of HH’s Proxy

Voting Policies and Procedures. A brief summary of HH's Proxy Voting Policies and Procedures is as follows:

- HH has formed a Proxy Voting Committee that will be responsible for monitoring corporate actions, making voting decisions in the best interest of clients, and ensuring that proxies are submitted in a timely manner.
- The Proxy Voting Committee will generally vote proxies according to HH's then current Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decisions for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues; and issues involving mutual funds.
- Although the Proxy Voting Guidelines are followed as a general policy, certain issues are considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, HH devotes an appropriate amount of time and resources to monitor these changes.
- Clients cannot direct HH's vote on a particular solicitation but can revoke HH's authority to vote proxies.

In situations where there may be a conflict of interest in the voting of proxies due to business or personal relationships that HH maintains with persons having an interest in the outcome of certain votes, HH takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.

## **Item 18. Financial Information**

HH does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, HH is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. HH has no disclosures pursuant to this Item.



HALBERT HARGROVE

Prepared by:

