

# Hennion & Walsh Asset Management, Inc.

SEC File Number: 801 – 61977

# Hennion & Walsh Asset Management, Inc.

**Brochure**  
**Dated 03/25/2022**

Contact: Phillip Fitzsimmons, Chief Compliance  
Officer  
2001 Route 46, Waterview Plaza  
Parsippany, New Jersey 07054  
[www.hennionandwalsh.com](http://www.hennionandwalsh.com)

**This brochure provides information about the qualifications and business practices of Hennion & Walsh Asset Management, Inc. (the “Registrant”). If you have any questions about the contents of this brochure, please contact us at (973) 299-8989 or [pfitzsimmons@hennionandwalsh.com](mailto:pfitzsimmons@hennionandwalsh.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Hennion & Walsh Asset Management, Inc. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Hennion & Walsh Asset Management, Inc. as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

This Brochure dated March 2022 reflects our annual update of our brochure and does not contain any material changes over the March 2021 brochure.

## **Item 3           Table of Contents**

Item 1	Cover Page.....	1
Item 2	Material Changes.....	2
Item 3	Table of Contents.....	2
Item 4	Advisory Business .....	3
Item 5	Fees and Compensation .....	7
Item 6	Performance-Based Fees and Side-by-Side Management.....	11
Item 7	Types of Clients.....	11
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss.....	11
Item 9	Disciplinary Information .....	13
Item 10	Other Financial Industry Activities and Affiliations .....	13
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	14
Item 12	Brokerage Practices .....	15
Item 13	Review of Accounts.....	17
Item 14	Client Referrals and Other Compensation.....	18
Item 15	Custody.....	18
Item 16	Investment Discretion.....	18
Item 17	Voting Client Securities.....	19
Item 18	Financial Information .....	19

## Item 4      **Advisory Business**

- A. The Registrant is a corporation formed in the State of New Jersey. The Registrant became registered as an Investment Adviser Firm in April 2003. The Registrant is owned, in equal part, by Richard Hennion and William Walsh.
- B. As discussed below, the Registrant's investment advisory services include providing investment management services primarily to individuals, offering various investment programs, and consulting services to sponsors of participant directed retirement plans. The Registrant also serves as the portfolio supervisor to affiliated unit investment trusts.

### **INVESTMENT ADVISORY SERVICES**

The client can determine to engage the Registrant to provide discretionary or non-discretionary investment advisory services on a wrap fee basis. (*See* discussion below). If a client determines to engage the Registrant on a wrap fee basis the client will pay a single fee for bundled services (i.e., investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client's particular need.

### **PORTFOLIO MANAGEMENT WRAP PROGRAM**

The Registrant provides investment management services on a wrap fee basis in accordance with the Registrant's wrap fee program, referred to as the Portfolio Management Program ("PMP"), (formerly Private Investment Management Program "PIM"). The services offered under, and the corresponding terms and conditions pertaining to, the PMP are discussed in the Wrap Fee Program Brochure a copy of which is presented to all prospective Program participants.

Through the PMP, the Registrant can offer participants discretionary investment management services, for a single specified annual wrap fee, which can include trade execution, custody, reporting, and investment management fees. The current annual Program fee is negotiable depending upon the amount and type of assets held by the client. The maximum annual fee is 1.50%. The terms and conditions for client participation in the PMP are set forth in detail in the Wrap Fee Program Brochure, which is presented to all prospective Program participants in accordance with the disclosure requirements of Part 2A Appendix 1 of Form ADV. The Wrap Fee Program Brochure is incorporated into this Brochure by reference. All prospective PMP participants should read both the Registrant's Brochure and the Wrap Fee Program Brochure, and ask any corresponding questions that they may have, prior to participation in the PMP. Wells Fargo Clearing Services, LLC ("WFCS"), a FINRA member broker-dealer, currently serves as the custodian for the PMP accounts.

The firm makes certain of its asset allocation models available to the Hennion & Walsh employee 401k Plan. Employees may choose a model or choose a variety of other investment allocation options. The management fee is waived for this service.

**Please Note:** As indicated in the Wrap Fee Program Brochure, participation in the Program may cost more or less than purchasing such services separately. As also

indicated in the Wrap Fee Program Brochure, the annual fee charged by Registrant for participation in the PMP may be higher or lower than those charged by other sponsors of comparable wrap fee programs. Clients may incur other account and transactional fees such as IRA fees and certain pass-through transaction fees including pass-through execution costs and other fees as required by law.

\*The minimum Account size for PMP program clients is generally \$50,000.

### **PERSONALIZED UMA PROGRAM**

The Personalized UMA Program is a discretionary management program that is offered through an agreement with our current clearing agent, WFCS. The program involves a select group of investment managers ("Sub-Account Managers") meeting certain qualification standards set by WFCS and approved by the Registrant. All Sub-Account Managers enter into appropriate, standard-form sub-advisory contracts with Wells Fargo Advisors obligating each Sub-Account Manager to perform its respective duties in accordance with the requirements of the Personalized UMA Program. The Registrant has discretion as to the management of the Personalized UMA Program including the appointment of Sub-Account Managers. The Registrant selects one or more Sub-Account Managers who are responsible for discretionary investment selections of all or a portion of the Personalized UMA Program assets. Subject to limitations described in the client's responses to the Registrant's Client Profile form, or any other appropriate suitability analysis obtained by the Registrant from the client (including reasonable restrictions on the investment and reinvestment of Program account assets), selected Sub-Account Managers shall have discretion to manage the investments of each UMA client account under the oversight of the Registrant without prior consultation with the client. The Registrant may, in its own discretion, or at the request of the client, replace and/or terminate any Personalized UMA Program Sub-Account Manager. Unless otherwise specified, all securities will be held by, and all Personalized UMA Program account transactions will be effected through WFCS.

\*Asset level requirements vary per manager. At present, there is typically a \$100,000 minimum overall portfolio size for entry into the Personalized UMA Program for equity and balanced strategies. The minimum for Fixed Income Strategies is typically \$1,000,000. Minimums may be negotiable on a case-by case basis.

### **ASSET ADVISOR**

Asset Advisor is a full service non-discretionary investment advisory program that includes advisory services and custodial costs in a single asset-based fee. The Registrant offers this program through an agreement with our clearing agent, WFCS.

Clients have the ability to invest in a variety of investment products including stocks, bonds, mutual funds and options. Clients may make their own investment decisions and conduct transactions on an unsolicited basis or work with a firm advisory representative to help choose investments best suited for their needs. Investment decisions made by the advisory representative are generally based on

a variety of factors including client's investment objectives, risk tolerance, liquidity needs and time horizon.

Investment advice offered under Asset Advisor is tailored to the individual's needs, as determined by the client and the advisor.

#### Other Fees

In addition to the program fees detailed in Item 5 below, the client also may incur charges including a) any dealer markups, odd lot differentials and transfer taxes b) margin interest c) operational fees and charges.

Our clearing agent, WFCS and Registrant may share in a portion of fees for services provided.

### **MANAGED ACCOUNT PROGRAM**

Hennion & Walsh Asset Management Inc. maintains a relationship with a family of clients that currently hold accounts at WFCS. With written discretionary authority, these accounts are managed on an individual basis. The accounts are charged a fee in addition to brokerage commissions and may incur transaction fees and other related pass-through costs and expenses. This program is generally not open to new investors; however new accounts may be opened to accommodate the needs of clients currently in this program.

### **SUPERVISORY SERVICES TO UNIT INVESTMENT TRUSTS**

Hennion & Walsh Asset Management, Inc. serves as supervisor to SmartTrust<sup>®</sup> unit investment trusts (UITs). Hennion & Walsh Asset Management is an affiliate of the sponsor; Hennion & Walsh, Inc. The supervisor charges each trust a fee for surveillance services, bookkeeping and administrative services performed for the trust in an amount set forth in the prospectus of each trust.

### **FINANCIAL PLAN**

A separate financial plan is offered at no cost and provided upon request.

### **MISCELLANEOUS**

**Non-Investment Consulting/Implementation Services.** To the extent requested by the client, the Registrant may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither the Registrant, nor any of its representatives, serves as an attorney or accountant, and no portion of the Registrant's services should be construed as same. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e., attorneys, accountants, insurance, etc.), including representatives of the Registrant in their separate registered/licensed capacities as discussed below. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and may accept or reject any recommendation from the Registrant.

**Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. **Please Also Note:** Each client is advised that it remains the client's responsibility to promptly notify the Registrant if there is ever any change in client's financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

**Wrap/Managed Account programs.** In the event that Registrant is engaged to provide investment management services as part of an unaffiliated wrap-fee program, Registrant will be unable to negotiate commissions and/or transaction costs. Under a wrap program, the wrap program sponsor arranges for the investor participant to receive investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. Participation in a wrap program may cost the participant more or less than purchasing such services separately. In the event that Registrant is engaged to provide investment management services as part of an unaffiliated managed account program, Registrant will likewise be unable to negotiate commissions and/or transaction costs. If the program is offered on a non-wrap basis, the program sponsor will determine the broker-dealer through which transactions must be effected, and the amount of transaction fees and/or commissions to be charged to the participant investor accounts.

**Sub-Advisory Arrangements.** The Registrant may engage sub-advisors for the purpose of assisting the Registrant with the management of its client accounts. The sub-advisor(s) shall have discretionary authority for the day-to-day management of the assets that are allocated to it by the Registrant. The sub-advisor shall continue in such capacity until such arrangement is terminated or modified by the Registrant. The Registrant shall pay a portion of the investment advisory fee received for these allocated assets to the sub-advisor for its sub-advisory services.

**Trade Error Policy.** Registrant shall reimburse accounts for losses resulting from the Registrant's trade errors, but shall not credit accounts for such errors resulting in market gains. The gains and losses are reconciled within the Registrant's custodian firm account and Registrant retains the net gains and losses.

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

**Disclosure Statement.** A copy of the Registrant's written Brochure as set forth in Part 2A of Form ADV and Form CRS shall be provided to each client prior to, or contemporaneously with, the execution of the Advisory Agreement. Any client who has not received a copy of Registrant's written Brochure at least 48 hours

prior to executing the *Investment Advisory Agreement* shall have five business days subsequent to executing the agreement to terminate the Registrant's services without penalty.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client can request reasonable restrictions, in writing, and subject to review and approval, Registrant will accommodate such restrictions.
- D. Registrant provides investment management on a wrap fee basis. As stated above, if a client determines to engage the Registrant on a wrap fee basis the client will pay a single fee for bundled services (i.e., investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client's particular need. **Please Note:** When managing a client's account on a wrap fee basis, the Registrant receives a portion of the wrap fee as payment for its investment advisory services.
- E. As of December 31, 2021 the Registrant had Regulatory Assets Under Management of \$403,397,397 on a discretionary basis and \$20,801,396 on a non-discretionary basis.

Supervisory services provided to affiliated Unit Investment Trusts, total net asset value of the Trusts, as of December 31, 2021 is \$1,818,752,459.

## **Item 5 Fees and Compensation**

- A. The client can determine to engage the Registrant to provide discretionary investment advisory services on a wrap fee basis or non-discretionary investment advisory services on a fee basis.

### **PORTFOLIO MANAGEMENT WRAP PROGRAM FEES**

If a client determines to engage the Registrant to provide investment management services on a wrap fee basis in accordance with the Registrant's wrap fee program, the services offered under, and the corresponding terms and conditions pertaining to, the PMP are discussed in the Wrap Fee Program Brochure, a copy of which is presented to all prospective PMP participants. Under the PMP, the Registrant offers participants discretionary investment management services, for a single specified annual Program Fee, which includes the cost of trade execution, custody, reporting, and investment management fees. The wrap fee client may incur other pass-through costs associated with executing certain transactions.

\*The minimum Account size for PMP program clients is generally \$50,000.

**PMP Program Fees.** For the services provided under the PMP, clients will be charged the Program Fee that is both for investment advice and brokerage commissions in accordance with the PMP Program Fee Schedule below. Program Fees may be negotiated under certain circumstances. The Program Fee is paid quarterly to Registrant based on the value of the assets in the Program. The program invests in ETFs (exchange traded funds) and each ETF pays fees for investment advisory, administration, distribution and other customary fees and expenses as set forth in each ETF's prospectus. The cost for these fees and expenses is ultimately borne by its shareholders. If a client holds one or more mutual funds in a PMP Program account, as a mutual fund shareholder, the client will bear a proportionate share of each of those funds' management fees, Rule 12b-1 (distribution) fees, shareholder servicing fees, and other charges and expenses (applicable periodically during the holding period and/or at the time the Agreement is terminated), as permitted by law. These charges, fees, and expenses will vary and are described in the applicable funds' prospectus and may include short-term trading fees.

### **PMP Program Fee Schedule**

<b>Equity and Balanced Strategies</b>		<b>Tax-Advantaged Income Strategies</b>	
<u>Asset Level</u>	<u>Annual Client Fee</u>	<u>Asset Level</u>	<u>Annual Client Fee</u>
First \$250,000	1.50%	First \$250,000	0.90%
Next \$250,000	1.40%	Next \$250,000	0.85%
Next \$500,000	1.25%	Next \$500,000	0.75%
Next \$4,000,000	1.00%	Next \$4,000,000	0.70%
Over \$5,000,000	0.75%	Over \$5,000,000	0.55%

### **PERSONALIZED UMA PROGRAM**

The Personalized UMA Program is a discretionary management wrap program involving a select group of unaffiliated investment managers ("Sub-Account Managers") meeting certain qualification standards set by the *WFCS* and approved by the Registrant. The Registrant has discretion as to the management of the Personalized UMA Program, including the appointment of Sub-Account Managers.

**Personalized UMA Program.** The current standard fee schedules for the Programs are provided below. Fees and minimums will vary based on the Manager and Account type.

#### **Equity and Balanced Accounts:**

<u>Asset Level</u>	<u>Annual Client Fee</u>
First \$ 250,000	1.90%-2.00%
Next \$750,000	1.75%-1.85%
Next \$4,000,000	1.40%-1.50%
Over \$5,000,000	1.15%-1.25%

**Fixed Income Accounts:**

<u>Asset Level</u>	<u>Annual Client Fee</u>
First \$ 250,000	1.20%
Next \$750,000	1.05%
Next \$4,000,000	1.00%
Over \$5,000,000	0.85%

\*Asset minimum requirements vary per Sub-Account Manager but are typically \$100,000. At present, there is typically a \$150,000 minimum overall portfolio size for entry into Equity and Balanced Accounts and up to a \$1,000,000 minimum for Fixed Income Accounts. Fees may be negotiated on a case-by-case basis taking into account factors such as client assets invested.

The Registrant may receive rebates on funds deposited in money market accounts held on the managed money platform.

**ASSET ADVISOR**

For the services provided under the Asset Advisor program, clients will be charged the Program Fee that is both for investment advice and brokerage commission in accordance with the Asset Advisor Program Fee Schedule.

Program Fees may be negotiable under certain circumstances.

The standard fee schedule for the Asset Advisor program is provided below.

<u>Asset Level</u>	<u>Annual Client Fee</u>
First \$ 250,000	3.00%
Next \$750,000	2.50%
Over \$1,000,000	2.00%

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

- C. Participants in the PMP, Personalized UMA or Asset Advisor Program are currently required to custody their assets at *WFCS*. Broker-dealers such as *WFCS* and/or *H&W* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses). Participants in the PMP, Asset Advisor or Personalized UMA Wrap fee programs will not incur brokerage commissions and/or transaction fees in addition to the Program Fees.
- D. Registrant's annual investment advisory fee shall generally be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. As disclosed above, the Registrant generally requires that participants in the PMP wrap fee program have a minimum asset level of \$50,000 for investment advisory services. The Registrant generally requires that participants in the Personalized UMA Programs have a minimum asset level of \$100,000 for investment advisory services. The Registrant, in its sole discretion, may charge a lesser investment management fee and/or waive or reduce its minimum fee or asset requirement based upon certain criteria (i.e., anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). Registrant's employees will generally pay a lesser investment management fee.

The Advisory Agreement between the Registrant and the client will continue in effect until terminated by written notice in accordance with the terms of the Agreement. Upon termination of a client relationship involving either the PMP wrap fee program, the Personalized UMA Program or Asset Advisor Program, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. **Commission Transactions.** In the event that the client desires, the client can engage certain of the Registrant's representatives, in their individual capacities as registered representatives of Hennion & Walsh, Inc. ("*H&W*"), an affiliated FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through *H&W*, *H&W* will charge brokerage commissions to effect securities transactions, a portion of which commissions *H&W* shall pay to its representatives, as applicable. The brokerage commissions charged by *H&W* may be higher or lower than those charged by other broker-dealers. *H&W* and *H&W* representatives may receive 12b-1 trailing commission compensation from a mutual fund company.
1. **Conflict of Interest:** The recommendation that a client purchase a commission product from *H&W* presents a ***material conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's needs. No client is under any obligation to purchase any commission products from *H&W*. For more information on the commission products from *H&W*, please refer to Form CRS. **The**

**Registrant's Chief Compliance Officer, Phillip Fitzsimmons, remains available to address any questions that a client or prospective client may have regarding the above.**

2. **Please Note:** Clients may purchase investment products recommended by Registrant through other non-affiliated broker dealers or agents.
3. The Registrant does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products the Registrant recommends to its clients.
4. When H&W representatives sell an investment product on a commission basis, the Registrant does not charge an advisory fee in addition to the commissions paid by the client for such product. Other than the Managed Account Program described above, the customers that are engaged on an advisory fee basis are not charged commissions for such advisory services. **However,** a client may engage the Registrant to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from H&W representatives on a separate commission basis.

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

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

#### **Item 7 Types of Clients**

The Registrant's clients shall generally include individuals, business entities, trusts, estates, charitable organizations, investment companies and pension and profit-sharing plans. As disclosed above, the Registrant generally requires that participants in the PMP wrap fee program have a minimum asset level of \$50,000 for investment advisory services. The Registrant generally requires that participants in the Personalized UMA Programs have a minimum asset level of \$100,000 for investment advisory services. The Registrant, in its sole discretion, may charge a lesser investment management fee and/or waive or reduce its minimum fee or asset requirement based upon certain criteria (i.e. anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

- A. The Registrant shall utilize the following methods of security analysis:
  - **Fundamental** - analysis performed on historical and present data, with the goal of making financial forecasts
  - **Technical** – analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices

The Registrant shall utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases securities held at least a year
- Short Term Purchases securities sold within a year
- Trading securities sold within thirty (30) days

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s).

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

However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer-term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period involves a very short investment time period but will incur higher transaction costs when compared to a short-term investment strategy and substantially higher transaction costs than a longer-term investment strategy.

- C. Currently, the Registrant primarily allocates client investment assets among various individual equity (stocks), option contracts (equity or index), debt (bonds), and fixed income securities, mutual funds, exchange traded funds, exchange traded notes and/or Unit Investment Trusts, on a discretionary basis in accordance with the client's designated investment objective(s).

## Item 9           Disciplinary Information

There are no material disciplinary events or material legal events related to HWAM or its management persons.

## Item 10          Other Financial Industry Activities and Affiliations

- A. As disclosed above in Item 5.E, certain of Registrant's representatives are also registered representatives of Hennion & Walsh, Inc. ("*H&W*"), an affiliated, FINRA member broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C.
1. **Registered Representatives of an Affiliated Broker-Dealer: *H&W***. As disclosed above in Item 5.E, certain of Registrant's representatives, are registered representatives of *H&W*, an affiliated FINRA member broker-dealer. Clients may choose to engage Registrant's representatives in their individual capacities as registered representatives of *H&W*, to implement investment recommendations on a commission basis.
    - **Conflict of Interest:** The recommendation by Registrant's representatives that a client purchase a securities commission product presents a *material conflict of interest*, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's affiliate and/or representatives. Clients are reminded that they may purchase securities products recommended by the Registrant through other non-affiliated broker-dealers. **The Registrant's Chief Compliance Officer, Phillip Fitzsimmons, remains available to address any questions that a client or prospective client may have regarding the above.**
  2. **Portfolio Supervisor to Unit Investment Trusts ("UIT")**. The Registrant serves as the portfolio supervisor to unit investment trusts sponsored by *H&W*, its affiliated member broker-dealer. The terms and conditions of each UIT shall be set forth in its corresponding offering and governing documents. The Registrant's role is generally limited to the oversight of the underlying portfolio of UIT assets. *H&W*, in its separate registered capacity, shall be responsible for the creation, sale and administration of each UIT. *H&W* typically selects underlying UIT portfolios; however, the Registrant may select certain UIT portfolios and/or provide investment advice to *H&W* or otherwise assist in connection with such portfolio selection. In addition, third party

investment advisers may select certain UIT portfolios and/or provide investment advice to H&W and/or the Registrant or otherwise assist in the connection with such portfolio selection. **The Registrant's Chief Compliance Officer, Phillip Fitzsimmons, remains available to address any questions that a client or prospective client may have regarding the above.**

3. **Licensed Insurance Agents.** Registrant's representatives, in their individual capacities, may be licensed insurance agents, and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4 B above, clients can engage certain of Registrant's representatives to effect insurance transactions on a commission basis.
  - **Conflict of Interest:** The recommendation by Registrant's representatives that a client purchase an insurance commission product presents a *conflict of interest*, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives. Clients are reminded that they may purchase insurance products recommended by Registrant through other non-affiliated insurance agents. **The Registrant's Chief Compliance Officer, Phillip Fitzsimmons, remains available to address any questions that a client or prospective client may have regarding the above.**
- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

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

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.
- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant may buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice

whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which may follow the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of the Registrant’s clients) and other potentially abusive practices.

- D. The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant’s “Access Persons.” The Registrant’s securities transaction policy requires that Access Persons of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within 30 days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings quarterly. The Registrant and/or representatives of the Registrant may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the firm could be able to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant’s Access Persons.

## **Item 12 Brokerage Practices**

- A. As disclosed above, participants in either the PMP wrap fee program, the Personalized UMA Program or Asset Advisor Program are required to custody their assets at *WFCS*. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal Advisory Agreement with the Firm setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

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

responsibility may be limited if, for example, the securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. Research and Additional Benefits. Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant may receive from *WFCS* and/or *H&W* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

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

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

**The Registrant's Chief Compliance Officer, Phillip Fitzsimmons, remains available to address any questions that a client or prospective client may have regarding the above.**

2. The Registrant does not receive referrals from other broker-dealers.
3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be affected through a specific broker-dealer). In such client directed arrangements the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** If the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant.

**The Registrant's Chief Compliance Officer, Phillip Fitzsimmons, remains available to address any questions that a client or prospective client may have regarding the above.**

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be affected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's client's differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.
- C. **Please Note:** Each Manager providing services to clients participating in the Personalized UMA Program may have different brokerage practices than described above. Each manager discloses their own brokerage practices in their disclosure brochure provided to clients.

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

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals and representatives. All investment advisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant may conduct account reviews in addition to those done on a periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and/or regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Clients

may opt out of receiving transaction confirmation. The Registrant may also provide a periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1 above, the Registrant may receive an indirect economic benefit from *H&W*. The Registrant, without cost (and/or at a discount), may receive support services and/or products from *H&W*.

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

**The Registrant's Chief Compliance Officer, Phillip Fitzsimmons remains available to address any questions that a client or prospective client may have regarding the above.**

- B. Neither the Registrant nor any related person compensates any person who is not a supervised person for client referrals.

#### **Item 15 Custody**

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a periodic report summarizing account activity and performance.

**Please Note:** To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian

#### **Item 16 Investment Discretion**

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, client shall be required to execute an Advisory Agreement granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at any time, request reasonable restrictions, in writing, and subject to review and approval, the Registrant will accommodate such requests.

#### **Item 17      Voting Client Securities**

The Registrant does not vote proxies for clients participating in the PMP program. The Sub-Account Manager may vote proxies on behalf of participants of the Personalized UMA Program, unless otherwise instructed by participants at the time they open their account. A copy of Registrant's proxy voting policies and procedures is available upon request.

For those clients that the Registrant shall not be responsible for voting proxies, the Registrant shall cause to be forwarded any proxy solicitations to the client or to the person designated by the client, within a reasonable period, any materials or other information with respect to any such proxy solicitations received from the issuer or third party.

#### **Item 18      Financial Information**

- A. The Registrant does not solicit fees of more than \$1,200 per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients.
- C. The Registrant has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, Phillip Fitzsimmons, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**