

Hornor, Townsend & Kent, LLC
CLIENT RELATIONSHIP SUMMARY (FORM CRS)

Effective June 30, 2020

Introduction

Hornor, Townsend & Kent, LLC (“HTK” or “We” or “Us”) is registered with the U.S. Securities and Exchange Commission (“SEC”) as both a broker-dealer and investment adviser. HTK is also a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”) and a member of the Securities Investors Protection Corporation (“SIPC”).

As a dually-registered investment adviser and independent broker-dealer, HTK supervises and processes the investment business of the Financial Professionals (“FPs”) who affiliate with Us. HTK FPs are independent business owners who provide financial guidance to clients.

Brokerage services and fees are different from investment advisory services and fees, and it’s important for you to understand the differences. Free and simple tools are available at Investor.gov/CRS, available to FPs, which also provide educational materials about broker-dealers, investment advisers, and investing.

What Investment Services and Advice Can You Provide Me?

HTK offers both brokerage services and investment advisory services to retail investors.

Brokerage Account Services

- HTK brokerage services include the buying and selling of securities, such as stocks, bonds, exchange traded funds (“ETFs”), mutual funds, variable insurance products and other securities, provided your HTK FP is appropriately licensed to offer those investments.
- We do not have any minimum asset requirement for brokerage services, but certain investment products have minimums imposed by the product sponsors.
- We are required to provide advice that is in your best interest at the time of the recommendation; our standard brokerage services do not include ongoing monitoring or advice, but can include periodic review of your account(s).
- You can select investments, or we can recommend investments for your account, but the ultimate investment decision will be yours.
- We offer a range of investment products, including insurance products offered by our parent company, The Penn Mutual Life Insurance Company (“Penn Mutual”), and/or its subsidiaries. Although we offer a selection of affiliated and non-affiliated investments, not all investments in the marketplace are made available to you. For example, penny stocks, non-traded alternative investments, and high-yield bonds (“junk bonds”) are not offered by HTK. Other firms may offer different investment options, some of which might have lower costs.
- We can offer you additional services to assist you in developing and executing your investment strategy. You will typically pay a fee for these services.
- More information about HTK and our brokerage services can be found at www.htk.com.

Investment Advisory Account Services

- HTK provides a range of advisory services and programs, including wrap programs, programs offered by unaffiliated firms, financial planning services, and other services more fully described in our advisory disclosure brochure – Form ADV Part 2A at www.htk.com/for-clients.
- Minimum investment amounts vary by program but generally fall between \$10,000 and \$100,000. Minimums can be as low as \$15 for programs sponsored by unaffiliated firms.
- With the exception of one-time financial planning services, we will offer you advice on a regular basis, discuss your investment goals and recommend investment strategies. We will regularly monitor your account and contact you at least annually to discuss your portfolio.
- You can choose an account that allows Us or an unaffiliated firm to buy and sell investments in your account without asking you in advance (a “discretionary account”), or we can offer advice for you to use in deciding what investments to buy and sell (a “non-discretionary account”).
- We offer and provide advice on a range of investments, which include stocks, bonds, ETFs, mutual funds, and annuities, including those offered by our parent company, Penn Mutual or its subsidiaries.
- We limit the number of unaffiliated firms that we partner with to manage client assets, and we only offer certain variable insurance products that are designed for advisory accounts. For example, we do not recommend penny stocks, non-traded alternative investments, and high-yield bonds (“junk bonds”) for an advisory account. Other firms may offer advice on a different range of investment options, some of which might have lower costs.

Conversation Starters:

- Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?

What Fees Will I Pay?

Brokerage Account Fees & Costs	Investment Advisory Account Fees & Costs
<ul style="list-style-type: none"> • Transaction-based fees – You will pay a fee when you buy or sell an investment. This fee, typically referred to as a “commission,” is based on the specific transaction and not on the value of your account. <ul style="list-style-type: none"> ○ With stocks or ETFs, this fee is typically a separate commission. ○ With other investments, such as bonds, this fee might be part of the price you pay for the investment (called a “mark-up” or “mark-down”). ○ With mutual funds, this fee (typically referred to as a “load”) reduces the value of your investment. • For mutual funds, variable insurance products, closed-end funds and unit investment trusts (UITs), commissions are non-negotiable and set by the product sponsor. • Commissions for stocks, bonds, and ETFs are based on various factors, including the size of the order, the number of shares being bought or sold, and how frequently the security trades. These fees are negotiable. 	<ul style="list-style-type: none"> • Asset-Based Fees – You will pay compensation, typically at the end of each quarter, based on the value of the cash and investments in your advisory account. An asset-based fee is deducted directly from, and reduces the value of, your account. • Non-Asset-Based Fees – For financial planning clients, an hourly fee or a flat fee is charged either as a one-time fee or ongoing compensation. This fee is based on the services selected and your agreement with Us and your FP. The amount paid to HTK and HTK FPs generally does not vary based on the type of investments within your advisory account. • Fees are typically negotiated on a case-by-case basis, depending on considerations such as the nature and complexity of the particular service, your relationship with your FP, the amount of the assets in your account, the potential for additional business or clients referred by you, and the amount of work anticipated for such services. The same or similar services may be available elsewhere to you at a lower cost.
Other fees and costs:	Other fees and costs:
<ul style="list-style-type: none"> • In addition to transaction-based fees that you will pay, pooled investments, such as mutual funds and variable insurance products, also have internal management fees and expenses. These fees are payable to the product sponsor or insurance carrier, as applicable, and reduce your account value over time. These are separate from any fees paid to HTK. • Certain variable insurance products have surrender charges, should you decide to cancel your insurance product before a certain period of time. • Certain mutual funds have surrender charges, should you decide to sell your investment in the mutual fund before a certain period of time. • Other fees include Individual Retirement Account (“IRA”) maintenance fees, inactivity fees, and service fees charged by a custodian responsible for safeguarding your securities. 	<ul style="list-style-type: none"> • Certain investments like mutual funds, ETFs, closed-end funds, UITs, variable insurance products or other pooled investment vehicles also have internal management fees and expenses that reduce your investment value over time and are payable to the product sponsor or insurance carrier, as applicable. These are separate from any fees paid to HTK. You may be able to invest directly in some of these securities without incurring fees from HTK. • Certain variable insurance products have surrender charges, should you decide to cancel your insurance product before a certain period of time. • Certain mutual funds have surrender charges, should you decide to sell your investment in the mutual fund before a certain period of time.

Other fees and costs, continued:	Other fees and costs, continued:
<ul style="list-style-type: none"> You will be charged fees in proportion to the number of transactions in your account. We, therefore, have an incentive to encourage you to engage in more transactions or trade frequently. From a cost perspective, if you do not trade often, or plan to buy and hold investments for longer periods of time, you may prefer a transaction-based fee. HTK and your FP have a financial incentive to offer certain variable insurance products that include optional benefit features, which include fees in addition to the base fee associated with the insurance product. Financial incentives can exist to offer you a new variable insurance product in place of the one you already own. 	<ul style="list-style-type: none"> When opening an account with HTK, additional fees and costs are imposed by a custodian or, for accounts established with programs sponsored by unaffiliated firms, the clearing firm that the unaffiliated firms selects or makes available. These costs include, but are not limited to, custodial, clearing and execution charges, special fees for services rendered to special managed accounts, fees assessed to IRAs or retirement type accounts, and other miscellaneous charges incurred in the normal course of business. For some advisory accounts, referred to as wrap fee programs, the asset-based fee includes transaction costs and custody services that can result in higher overall fees. If you have few transactions or trade infrequently in your account, paying for a wrap fee program could cost more than separately paying for advice and executing transactions.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investment over time. Please make sure you understand what fees and costs you are paying.

For more information about our brokerage fees and costs please visit Us at www.htk.com/for-clients. For more information about the fees and cost applicable to HTK advisory services, please review the fee disclosure section of our Form ADV Part 2A at www.htk.com/for-clients.

Conversation Starter: Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we have to act in your best interest and not put our interests ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask Us about these conflicts because these conflicts can affect the recommendations and investment advice we provide you. Here are some examples to help you better understand what this means:

- When acting as your broker-dealer, we receive compensation from the distributors of mutual funds, UITs, variable insurance products and other packaged products when assets are invested. The amount of compensation is based primarily on the type of investment, the investment amount and/or total assets invested in these products. HTK FPs have an incentive to recommend one investment over another due to differences in compensation paid on certain products.
- HTK FPs are licensed insurance agents affiliated with our parent company, Penn Mutual. HTK FPs can receive benefits that present an incentive to recommend products offered by an affiliated company compared to products offered by non-affiliated companies. See www.htk.com/for-clients for more information.
- HTK receives marketing and training support payments, conference subsidies, and other types of financial and non-financial compensation and incentives from our product sponsors and other vendors to support the sale of their products to you, which can create a conflict to recommend one product over another. See www.htk.com/for-clients for more information.

Conversation Starter: How might your conflicts of interest affect me, and how will you address them?

How do HTK Financial Professionals make money?

HTK FPs receive a portion of the transaction-based fees generated by your investments, which may be asset-based and/or non-asset-based, and paid to the FP in an upfront commission (one-time payment) and/or on a recurring basis. If paid on a recurring basis, these payments are referred to as trail commissions.

- Commissions and sales loads are based on specific transactions affected. HTK FPs have an incentive to recommend one investment over another when there are differences in compensation paid on certain products.
- Asset-based fees are based on the amount of assets managed by the FP, typically referred to as assets under management (AUM) in your advisory account. The more assets you have in the advisory account, including cash, the more you will pay Us. HTK FPs, therefore, have an incentive to increase the assets in your account in order to increase their compensation.
- An asset-based fee may cost more than a transaction-based fee but, you may prefer an asset-based fee, if you want continuing advice, or if you want someone to make investment decisions for you.
- HTK FPs can receive marketing and training support payments, conference subsidies, and other types of financial and non-financial compensation and incentives from our product sponsors and other vendors to support the sale of products to you. This can create a conflict to recommend one product over another based on these payments.

Does HTK or any HTK FPs have legal or disciplinary histories?

Yes, we have legal and/or disciplinary events. Please visit investor.gov/CRS for a free and simple search tool to research our firm and our FPs.

Conversation Starter: As a financial professional, do you have any disciplinary history? For what type of conduct?

Additional Information – We encourage you to seek additional information

You can also find more information about our brokerage and advisory services at www.htk.com/for-clients or by calling us at 800-873-7637.

Conversation Starter: Who is my primary contact person? Is he or she a representative of an investment adviser or broker-dealer? Who can I talk to if I have concerns about how this person is treating me?